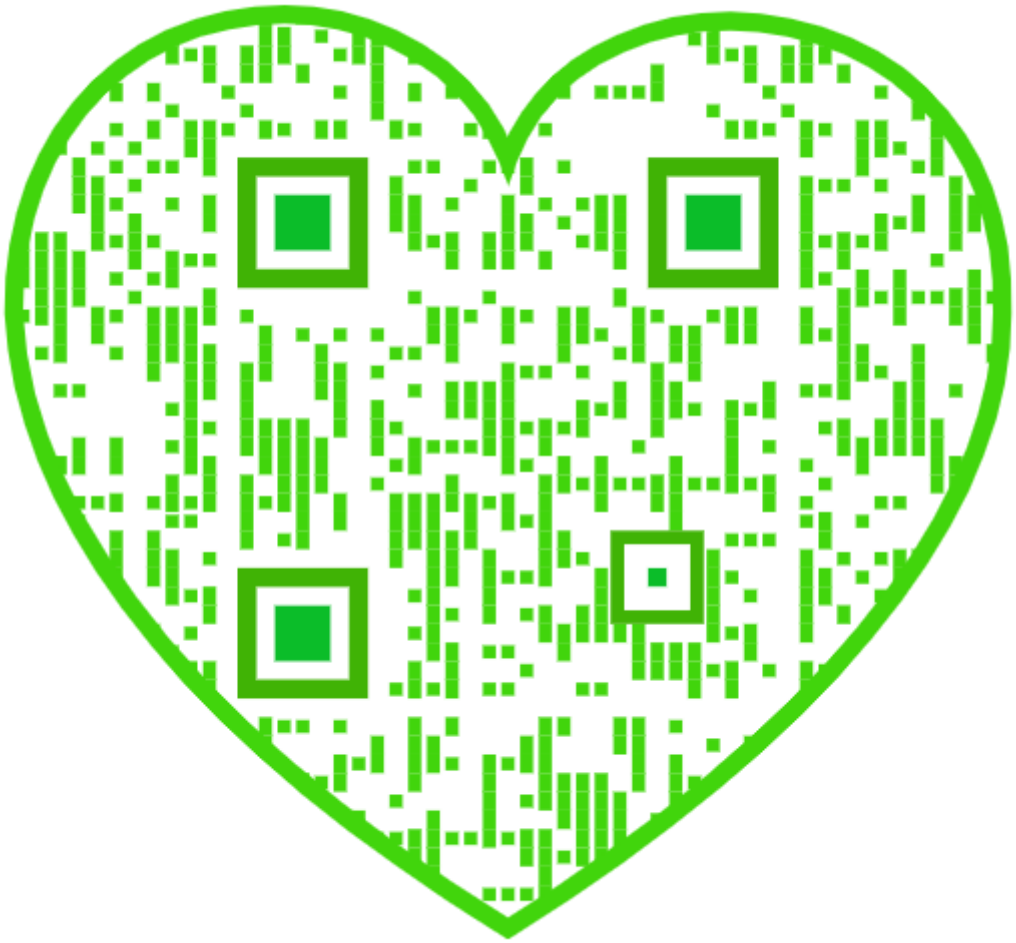
FIFTY YEARS OF BANKING IN CHICAGO



Fifty Years of Banking in Chicago

History is the depository of great actions: the witness of what is past, the example and instructor of the present, and monitor of the future.—CERVANTES.

Merchants' Loan and Trust Building in 1907
Northwest Corner of Adams and Clark Streets

Fifty Years of Banking in Chicago

By

William Hudson Harper
and
Charles H. Ravell

1857–1907

The Merchants' Loan and Trust Company

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Preface.

THE Merchants' Loan and Trust Company, oldest existing bank in Chicago, offers this book in the commemoration of its fiftieth anniversary and half-century of public service.

Herein is briefly told what has made this institution a foremost bank today. Then is told the story of its organization, in a period of financiering eccentric and disastrous, by men whose character, acts and resources peculiarly qualified them for their important undertaking. Then are furnished from the records of the bank (the same being continuous since the great fire of 1871), certain data which they may read with pride who remember the bank's distinguished dead, prominent among the makers of this city and its trade.

Finally, this book offers a condensed narrative of the evolution of Illinois banking.

While there is still room for improvement in banking and currency systems, the progress made in the last fifty years will be apparent to the reader of this chapter.

The Merchants' Loan and Trust Company, having attained a half-century of uninterrupted growth without merger or consolidation with a single other banking institution, presents to whom it may concern, with gratitude for the past and hope for the future, this brief story of its unique career.

In this history of the bank's progress, it has been thought best to reverse the chronological order of events. Age of itself does not signify progress, and

if The Merchants' Loan and Trust Company were not today a thoroughly modern bank, there would be little excuse for these pages. Believing, however, that it fully meets the requirements of a sound banking institution, the early pages of this volume are devoted to The Merchants' Loan and Trust Company of today.

The Bank's Administration and Departments

The Bank's Administration and Departments.

THE Merchants' Loan and Trust Company now operates six departments which characterize the greater modern bank. As this book is primarily a history, it seems proper, even in a city distinguished for the soundness and capacities of its banks, to emphasize those qualities and facilities which have undeniably given this institution its strength and usefulness.

The aggregate banking resources of The Merchants' Loan and Trust Company approximate $57,000,000, the same including $7,000,000 in capital, surplus and profits, and $50,000,000 in deposits.

The business transactions of the bank as an organic institution are not only in every particular understood and administered by its officers, but by its directors also. Once a week a standing committee of two directors reviews every loan made by the bank, which means, not only the loans of the previous week, but all loans held at the date of meeting. Once a month the full board of directors meets when one member of the executive committee retires and another director is appointed to his place. Thus the policies and acts of the bank's administration are in constant review by every guardian of its fortunes.

Once every three months a separate committee of three directors is appointed, which makes a complete examination of the assets of the bank, counting the

cash, verifying all the notes, examining collateral, checking all investments, and making a full written report to the board of directors. In addition to this, this committee examines all the securities held by the trust department.

The board of directors as now constituted (May 1, 1907) is as follows:

Cyrus H. McCormick,
*Albert Keep,
Lambert Tree,
Erskine M. Phelps,
Moses J. Wentworth,
Enos M. Barton,
Thies J. Lefens,
Chauncey Keep,
E. H. Gary,
Clarence A. Burley,
John S. Runnells,
E. D. Hulbert,
Orson Smith.

This bank receives no public moneys on deposit, and will accept no deposit when it is required to give bonds or special security of any kind. No depositor in this bank is secured more than any other depositor. The smallest depositor in the savings department, with his credit of one dollar, has exactly the same security as the depositor with millions to his credit.

The Merchants' Loan and Trust Company issues certificates of deposit bearing from two per cent. to three per cent. interest, according to the time left on deposit and the amount deposited.

Loans are made upon approved collateral at current rates of discount. Responsible borrowers and depositors are assured of the most liberal accommodations consistent with sound banking.

*Deceased May 11th, 1907.

The policy of The Merchants' Loan and Trust Company, not to receive public money or deposits, has relieved it of any obligations to state, county or city officers. It has never stood sponsor for, or signed the bond for any city or county official. Consequently it has never been a political bank, nor has it had any selfish interest in public affairs, but rather has it been conducted through its half-century of service as a bank of merchants and manufacturers, a bank of commerce and industry, a bank for savings, a bank for a larger and richer Chicago. Undeniably it has felt the storm and stress of crises, and such periods as befell the banking world in 1873 and 1893, for instance, are at least remembered; but in all temporary vicissitudes there has been something in the men and acts of this bank which has contributed to its endurance, its growth and the continued extension of that coveted form of general credit, to-wit: a good name. It has been fortunate in its securities, in its small percentage of losses, and in its personal oversight by its directors. It has been its administrative policy that dividends should never be immoderate, and that a surplus should ever be accumulating.

It is impossible to reproduce the first statement of condition of The Merchants' Loan and Trust Company, as those records were destroyed in the great Chicago fire. The cashier's report made to the stockholders December 31, 1871, shortly after that event, can be compared with interest to the following statement published at the call of the auditor of the State of Illinois, on May 21, 1907, almost at the completion of one-half a century of successful banking. A future historian can make his own comparison a half-century hence.

Resources

Loans and Discounts	$26,830,072.44
Bonds and Mortgages	9,981,509.34
Due from Banks	13,521,287.45
Cash and Checks for Clearing House	6,829,345.14
	$57,162,304.37

Liabilities

Capital Stock	$ 3,000,000.00
Surplus Fund	3,000,000.00
Undivided Profits	1,273,851.82
Reserved for Accrued Interest	31,436.45
Deposits	49,857,016.10
	$57,162,304.37

This bank came to its task in a period of financial folly and irresponsibility. Uniformity and stability had not yet been impressed upon American banking by a national banking law, and license for mad financiering had wrought a perilous insecurity in trade and finance. Charlatanism juggled values, while standards were missing. There was wanted a financial institution, founded upon sane principles, fortified with abundant capital, and conducted by people of good repute. In short, there was wanted a bank with a personality. At this juncture, in 1857, Chicago citizens most competent to discharge what they undertook, established The Merchants' Loan and Trust Company. Its policy was to pacify and conserve rather than to disturb and dissipate. Conservatism in banking is not cowardice or hesitancy or indifference, but rather a firm and courageous regard for probabilities.

This bank was founded in the era of "wild-catism" and was a new idea in the time of the reign and fall of banks of illusive issues. With the exception of one departure from its practice as a defensive expedient,

the new bank uttered no circulation. It undertook no responsibilities in which it might default, nor any chances in financiering in defiance of common sense. It was a real bank, with real capital, and plenty of it, started by reputable and successful business men in the trade center of the wonderful and growing West. In the nature of its soul and structure it was at once recognized as a friend to the permanent welfare of Chicago. In its evolution it has sought to avoid speculation, and by its banking policy to discourage speculation by others, save in forms which must characterize every human enterprise.

The last decade has been the era of great expansion and growth. During this period the bond, trust, savings, and farm loan departments have been created in the order named.

The removal from the Portland Block to the bank's present quarters in The Merchants' Loan and Trust Building took place in June, 1900. Since that time the growth of the business has required more space. Today the bank occupies the entire banking floor of the building, with large clerical quarters on the third floor.

The Merchants' Loan and Trust Company has never consolidated with, or absorbed the business of, any bank. Its steady and substantial growth is shown by decades as follows:

Year	*Capital*	*Surplus*	*Deposits*
1857	$ 500,000	*	*
1867	1,000,000	*	$ 1,723,000
1877	1,500,000	$ 100,000	2,321,000
1887	2,000,000	1,000,000	8,069,000
1897	2,000,000	1,554,077	18,445,000
1907	†3,000,000	4,273,851	49,857,000

*Records burned in Chicago Fire
†Statement May 21, 1907

When one of the closest overseers of this bank's fortunes was asked by the writer of this history to characterize in the broadest way the nature of the service of the first half-century of The Merchants' Loan and Trust Company, this well known citizen replied: "I would say before all, that this bank's policy has been marked by breadth of scope, integrity, fidelity and straightforward dealing. If this bank needed a monumental memorial I would have written upon it such sentiments as these."

The Foreign Department.

THE foreign exchange department does every sort of foreign banking. Its volume and scope have increased commensurately with the growth of the bank.

This department buys and sells bills of exchange, transfers money by draft and cable, issues letters of credit for use both abroad and at home, deals in foreign coin and bank note, and grants commercial letters of credit for importers to aid them in buying in foreign countries where their standing and credit may be unknown.

The foreign exchange department is a valuable adjunct, frequently aiding the bank in placing its available funds to better advantage than can be done in America, and enabling it to loan in whatever foreign market there may be offered the best interest return. This department also undertakes collections of estates in foreign countries. Chicago has a large foreign-born population to which this bank, in the collection of estates, has proved of much service.

The foreign exchange department has the following distinguished and trustworthy connections in the commercial centers of Europe:

England—London. Union of London and Smith's Bank, Limited; Lloyd's Bank, Limited.

Scotland—Edinburgh and branches. National Bank of Scotland, Limited.

Ireland—Dublin and Belfast. The Munster and

Leinster Bank, Limited; The Belfast Banking Company, Limited.

France—Paris. Comptoir National d'Escompte de Paris; Munroe and Company.

Germany—Hamburg. Deutsche Bank; Dresdner Bank.

Holland—Amsterdam. Amsterdamsche Bank.

Belgium—Antwerp. Banque d'Anvers.

Switzerland—Zurich. Banque Federale.

Austria—Vienna. Anglo-Austrian Bank.

Italy—Genoa. Banca Commerciale Italiana.

Denmark — Copenhagen. Den Danske Landmandsbank.

Norway—Christiana. Centralbanken for Norge.

Sweden — Stockholm. Aktiebolaget Stockholms Handelsbank.

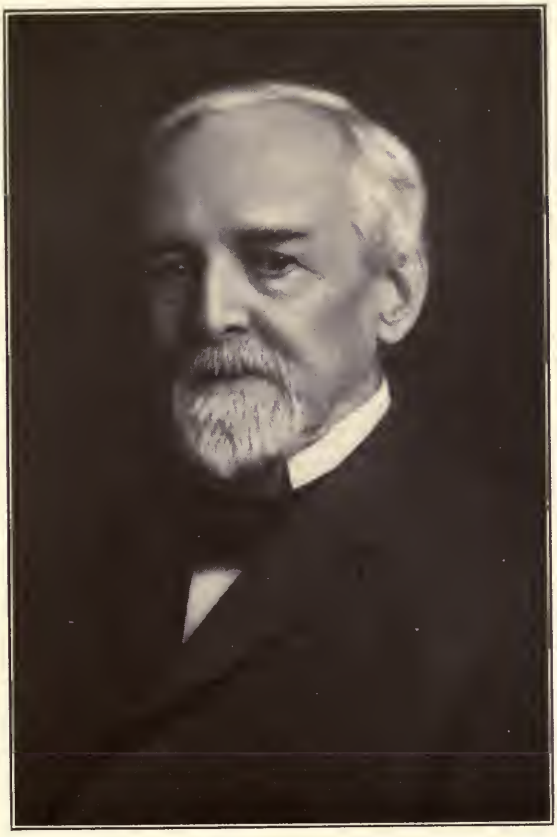
The foreign exchange department was organized in 1883 by J. G. Orchard, who was its manager until 1895. He was succeeded by P. C. Peterson, who conducted it until 1906, and who was in turn succeeded by H. G. P. Deans.

Elected Director 1884

CYRUS H. McCORMICK

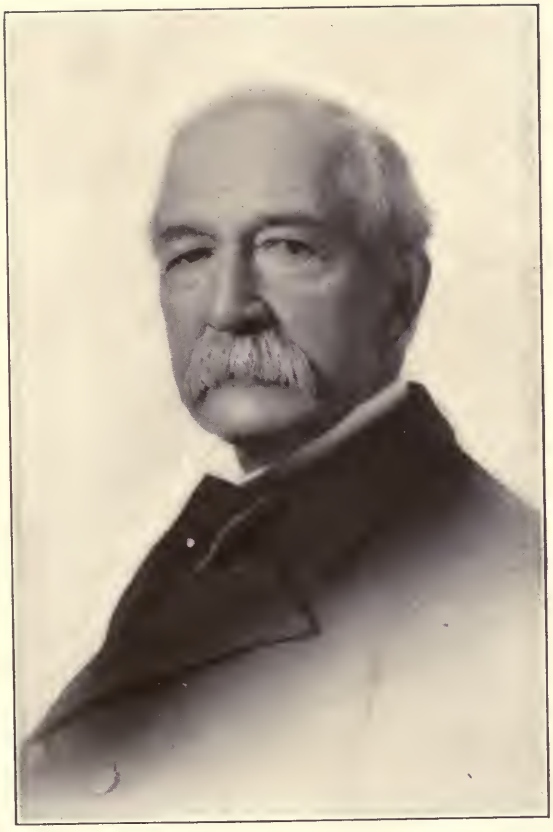
*Elected Director 1887

*Deceased May 11, 1907



ALBERT KEEP

Elected Director 1890



LAMBERT TREE

Elected Director 1890

ERSKINE M. PHELPS

Second Vice-President 1884
Elected Director 1890
Vice-President 1892
President 1898

ORSON SMITH

Elected Director 1898

MOSES J. WENTWORTH

Second Vice-President 1895
Vice-President 1898
Elected Director 1898

E. D. HULBERT

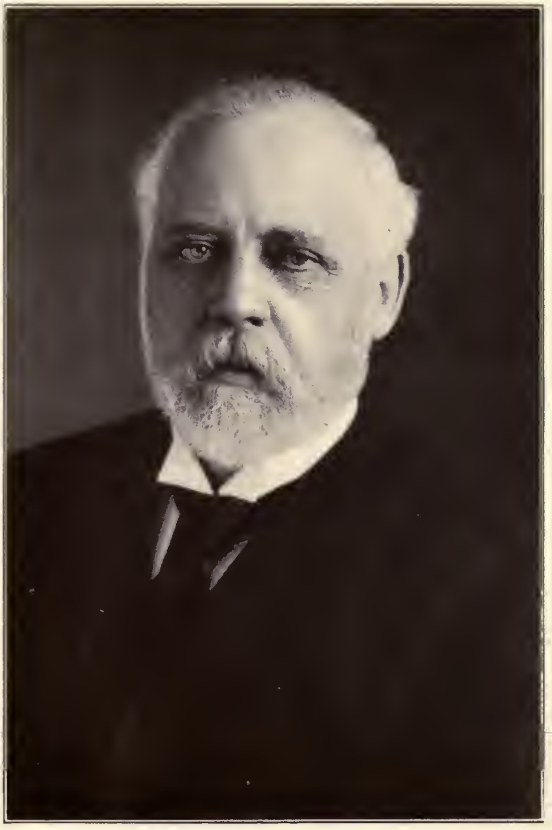
Elected Director 1898

ENOS M. BARTON

Elected Director 1903

E. H. GARY

Elected Director 1904



THIES J. LEFENS

Elected Director 1904

CHAUNCEY KEEP

Elected Director 1904

CLARENCE A. BURLEY

Elected Director 1906

JOHN S. RUNNELLS

The Bond Department

THE bond department of this bank was established in 1899. Previous to that time The Merchants' Loan and Trust Company had been a large buyer of bonds for its own account and for its clients. The necessity for handling this branch of its business more intelligently led to the organization of this department.

It has been the endeavor to conduct the bond department in such a manner as to co-operate with, and supplement, the other departments and the general business of the bank, realizing that while a well conducted bond business reflects credit upon an institution, any serious mistake in handling securities would injure not only the bond department but the entire bank. The Merchants' Loan and Trust Company, has, therefore, pursued its course along somewhat more conservative lines than those adopted by bond dealers generally, and a large portion of the bonds it has handled have been listed railroad bonds or municipal securities. The bank is ready, however, to investigate entire bond issues of established corporations where the character of the security is such as to make a desirable issue. It has placed a number of such issues with its clients, and they have uniformly proved to be among the most satisfactory investments offered.

While this company does not guarantee bonds sold by it, nor promise to re-purchase them, it has been, nevertheless, its policy to make a market for its

securities; and there is no place where customers desiring to re-sell their bonds have found fairer treatment.

In addition to bonds offered for sale this bank is a large buyer of bonds, and the purchases for its own investment and for the trust funds left in its charge, amount to several million dollars annually. The character of the bonds offered for sale is, as a general rule, the same as those purchased for investment, and in purchasing bonds of this institution the investor should remember that he is not dealing with one whose sole desire is to dispose of bonds already purchased, but with a large and experienced investor.

This bank is of real service to any investor in conservative securities, whether this be a woman with $500 in savings, or an investing capitalist. Negotiations are facilitated by personal interviews, and by circulars describing bonds on hand which are issued from time to time, and are mailed on request, or are sent regularly under standing order.

John E. Blunt, Jr., has had the management of this department of the bank since its organization eight years ago.

The Trust Department.

No department of this bank has more completely justified the foresight of the institution's founders than has the trust department. It has grown with the banking department proper, receiving strength from the latter's increasing resources, and bringing to it patrons with interests both great and small.

The business of the administration of trusts has become a profession closely supervised by the State, and more and more confided in by the general public. It has been found that a corporation of great resources, conducted by financiers and men of affairs of the highest capacity and integrity, and held to its assumed responsibilites by valuable pledges and the law of the State, can perform for persons and corporations, seeking administrators of trusts, an office which for economy and efficiency exceeds anything which can possibly be rendered by single individuals or firms whatever their talents or virtues.

The range of service performed in the execution of trusts by a trust company, is not only very broad but of great value to society. This service is one of the leading functions of The Merchants' Loan and Trust Company. This bank, with its accounts frequently examined by its own committees and by a representative of the auditor of the state, with security on deposit with this same official, and by aid of the legal advice of competent counsel, and under the eyes of courts,

has accepted in trust not only the largest estate up to this time ever thus bestowed with a trust company, namely that of the late Marshall Field, but smaller trusts from the dependent and inexperienced.

It has executed testamentary trusts, whereby the wishes of a testator have been in some instances, even more than fulfilled for his survivors. In consultation with this bank's officers and legal counsel, it has often opened a wise plan for the disposition of an estate quite unimagined by an applicant for its aid.

It has acted with profit to the parties concerned as administrator in all of the various technical relations in which this service is known to the law. It has been the guardian of minor children, and conservator of the estates of spendthrifts and incompetents, and in these connections has not only faithfully but profitably to the parties concerned, discharged the conserving functions with which by law it has been endowed. It has served as agent for the care and management of the real and personal property of individuals; been created the custodian of securities by absentees; has received properties in trust during the grantor's life, and efficiently managed them; it has acted as stock transfer agent of corporations, as registrar of stock, as trustee and mortgagee under trust deeds or mortgages securing issues of bonds; as assignee and receiver, and as depositary in the reorganization of legitimate corporate enterprises, but without engaging in promotions. Leon L. Loehr has been the manager of this department since its creation in 1900.

The Savings Department.

A NATURAL part of such an institution as The Merchants' Loan and Trust Company is a savings department. This bank was authorized by the legislature of Illinois, in an act incorporating the bank in 1857, to conduct a savings business, and provision was made therefor in the original name of this company, which was formerly the Merchants' Savings, Loan and Trust Company. Circumstances at that time did not justify the creation of this department in the bank's early years, and eventually the corporate name was changed to its present form in conformity with fact, but in 1902 the board of directors considered that the time was ripe for the establishment of a savings department. This department was opened on February 24, 1902. At once the public recognized that such a bank was peculiarly equipped to receive and care for savings. It had conservative management, great resources, experience and a reputation in Chicago's banking world which was unique. The patronage of this department began instantly, and in ten months' time, at the close of the year, the saving deposits amounted to $1,979,000.

In 1906 it was necessary to remove the savings department to the large quarters opposite and across the hall, which were vacated for this purpose by the Chicago Clearing House. The savings department has now ample facilities to handle the banking business of depositors promptly and to their entire satisfaction.

Believing banking by mail to be of advantage to the bank properly conducting it, and to numberless people seeking strongholds of deposit, the savings department has added facilities for the practice of this form of public thrift.

The Farm Loan Department.

THIS bank offers its services to investors with the guarantee that every farm mortgage it offers for sale has its stamp of approval, its judgment being backed by the investment of its own funds.

The basis of life and the Nation's wealth are the farm and its products. Already the American farmer receives more than $6,000,000,000 yearly from what he produces from the soil. The great corn belt in particular surpasses all in fruitfulness and reliability. These sovereigns of the corn belt, Illinois, Iowa and the southern counties of Minnesota, are conceded to be the safest farm loan sections of the United States. The farm lands of these states are estimated to be worth more than $4,500,000,000, or about one-third of the value of all the farm lands of the twelve great central agricultural states.

When a farmer borrows money to develop properties in this particular territory, he borrows to make a good thing better. He does this by diversified and intensive farming, helped by those economic and social facilities of magical potency, good roads, rural mail delivery, the telephone, the trolley and the automobile, and by those older and standard auxiliaries, railways and waterways. A thrifty farmer borrows as a thrifty merchant borrows. He means to protect and enrich his original investments.

Each would sometimes over-borrow, but neither is

permitted to do so when the lender is wise. Fully ninety per cent of the loans placed in the corn belt are secured by mortgages incurred for the development of property unerringly certain to recoup the owner manifold. No class of security is less subject to wayward assault upon its stability than the farm mortgage. None is less affected by hard times. None can be more confidently bought and forgotten than one which is the pledge of an intelligent farmer of the richer states of the corn belt. More than one-half of the assets of a great eastern insurance company are loaned upon mortgages secured almost entirely by farm properties.

But to make security doubly secure an agent, such as The Merchants' Loan and Trust Company is, makes a farm loan with provisions of safety for the borrower more than ordinary. It is the method of making the loan that constitutes the difference between a good and a poor farm mortgage. Investors buying through The Merchants' Loan and Trust Company get the benefit of fifty years' experience in making investments; the methods are the most exacting, every precaution to protect the investor being taken.

Applications for loans come, in the first instance, to a well known and responsible banker in the vicinity of the farm on which a loan is desired. The farmer makes a sworn statement of the cost and condition of his farm, and the banker makes a full written statement of the condition and value of the land, based invariably upon personal inspection. These papers are passed upon by experts in the bank, thoroughly versed in land values, and, if the statements are satisfactory and the amount asked for is fifty per cent., or less, of the cash value of the land, exclusive of buildings, the abstracts are referred to the bank's

attorneys for the examination of title. This part of the work is vital, and is done with the utmost care and thoroughness; no loan is passed until every essential legal point is covered and the borrower's title found to be perfect.

The traveling examiner of this bank (who up to this time has had nothing to do with the transaction), then proceeds to make a final personal inspection of the land, also a complete, independent, written report, covering every detail. If this report verifies the statements of both farmer and the local banker, the loan is accepted.

The farm loans placed by The Merchants' Loan and Trust Company are sold on a basis to net the investor four and a half per cent., and the purchaser is given ninety days in which to investigate the security. The bank rendering every aid in making such investigation.

Since the organization of this department of the bank in 1905, it has been under the management of Frederick W. Thompson.

Safe Deposit Vaults.

WHILE the Merchants' Loan and Trust Safe Deposit Company is a separate corporation, it is practically a department of the bank. The officers of the bank are the directors of the safe deposit company, and its business affairs are closely allied with The Merchants' Loan and Trust Company. This branch of banking has had a remarkable growth in Chicago. The deposit vaults of the banks and trust companies of Chicago harbor possessions of great variety and of incalculable value.

No structure more completely declares its capacity to fulfill its purposes than a safe deposit vault. All its substance is enduring. Through and through it is an absolute and inspiring citadel of strength. Modern and similarly constructed vaults were not damaged in the slightest by the great Baltimore fire in 1904, or the San Francisco fire and earthquake in 1906.

The vaults of the Merchants' Loan and Trust Safe Deposit Company are spacious and impregnable. They are surrounded by many private rooms necessary to the constant visitors to such a utility. The boxes of these vaults are of various sizes, one size sufficient for the precious will and other papers of the man of no great means, while other sizes store the valuable papers of large corporations and estates. Today no article of value not in constant use, and which can be stored in a safe deposit vault, should be carelessly kept in houses, hotels and business offices. There is also a large care-

fully arranged vault for the safe keeping of trunks, silverware and other bulky packages. Packages are received and safety is guaranteed to the extent of the value placed thereon. Private safes can be rented by the year at prices varying with size and purpose. These vaults are conveniently accessible from the banking rooms and from the main entrance lobby of the building, and are under the management of Alfred L. Goldsmith.

The Executive Administration.

THE executive administration of this bank is today conducted by six general officers giving their entire services to its affairs. No officer is identified with other business enterprises.

The presidents of The Merchants' Loan and Trust Company and their terms of office have been as follows:

J. H. Dunham, from the time of the incorporation of the bank, in 1857, until the spring of 1862; Henry Farnam, from spring of 1862 to 1863; Solomon A. Smith, from 1863 until the time of his death, in 1879; John Tyrrell acted as president after the death of Solomon A. Smith until his regular election as president, in 1881, and then served in that office until 1884. J. W. Doane was president from 1884 to 1898 and Orson Smith, the present incumbent, has served since 1898.

The vice-presidents have served as follows:

John High, Jr., from June, 1857, until the fall of the same year (Walter Newberry acting as vice-president to fill out Mr. High's unexpired term from the fall of 1857 into the year 1858); Jonathan Burr, from 1858 until the spring of 1860; H. H. Magie from the spring of 1860 until the spring of 1862; Solomon A. Smith, from the spring of 1862 to the spring of 1863; W. E. Doggett, from 1863 until 1877; John Tyrrell, from 1877 until 1881; Byron L. Smith, from 1881 until 1885; P. L. Yoe, from 1885 until 1892; Orson Smith second vice-president in 1884, vice-president from 1894 until 1898; E. D. Hulbert, second vice-president in 1895, and vice-president since 1898.

The cashiers and their service have been as follows: A. J. Hammond, from the opening of the bank until November, 1857; M. B. Bartlett, from November, 1857, until June, 1858; D. R. Holt, from June, 1858, until 1862; Lyman J. Gage, from 1862 until 1868; Charles Henrotin, from 1868 until 1878; H. E. Lowe, from 1878 until 1884; F. C. Osborn, from 1884 until 1895; J. G. Orchard, the present cashier, since 1895.

Henry E. Lowe was assistant cashier from 1871 to 1878, F. C. Osborn succeeding him and occupying that position until 1884.

F. N. Wilder became assistant cashier in 1891, having served in other capacities with this bank since 1877. Frank G. Nelson has served as assistant cashier since 1900. P. C. Peterson became assistant cashier in 1902, having served in various other capacities since 1884.

The fiftieth anniversary of this bank is a suitable occasion to acknowledge the long and valuable services of a number of the "old employes," who have carried on the detail work of the bank in a most creditable manner and with a record of twenty years or more of honorable service. In this roll are

John M. Oosterbeck,
William Dent Beall,
Isaac H. Pervier,
Robert N. Ward,
William B. Hall,
John O. Barber,
William J. Quetsch,
Robert T. Durrell,
Charles L. Gary,
*Isaac W. Brown,
Gale Blackburn.

* Deceased April 6, 1907.

Present Location and the Changes Made in the Past.

The location of The Merchants' Loan and Trust Company has been changed from time to time to conform to the business center of the city. The bank's first location was at the northwest corner of South Water and La Salle Streets, under the Board of Trade rooms. It continued in business there until the spring of 1860, when it removed to the Dickey Building, at the southwest corner of Lake and Dearborn Streets, where it remained until the fire of October 9, 1871. Immediately after the fire temporary quarters were occupied in Solomon A. Smith's house, on Wabash Avenue below Harrison Street. Here the bank remained until the completion of the Manierre Building, at the northeast corner of Madison and Dearborn Streets, into which it removed in the spring of 1872. Requiring larger quarters, it moved, in 1881, to the Portland Block, at the southwest corner of Washington and Dearborn Streets, where it remained until 1900, when it removed into its present location, the Merchants' Loan and Trust Building, on the northwest corner of Adams and Clark Streets.

Several illustrations throughout this volume will give the reader a clearer and more comprehensive idea of these changes, which in a general way indicate quite accurately the shifting of the financial centers of Chicago during fifty years.

Cashier

J. G. ORCHARD

Assistant Cashier

F. N. WILDER

Assistant Cashier

F. G. NELSON

Assistant Cashier

P. C. PETERSON

Manager Bond Department

JOHN E. BLUNT JR.

Manager Trust Department

LEON L. LOEHR

Manager Farm Loan Department

F. W. THOMPSON

Manager Foreign Department

H. G. P. DEANS

Manager Merchants' Loan and Trust
Safe Deposit Company

ALFRED L. GOLDSMITH

Origin and Early History of The Merchants' Loan and Trust Company

Origin and Early History of The Merchants' Loan and Trust Company

THE written history of this bank may be divided into three parts. The first is the story of its origin, the second its spirit and conduct in the Chicago fire of 1871, and the third its administration and development from the period of the great fire until its fiftieth anniversary in 1907. The bank's historical data rescued from fire ruins are of course meager, and so the sources of information about its early history lack a vividness and detail which the chronicler of a later generation can not well supply.

The creation of The Merchants' Loan and Trust Company was the protest of Chicago's soundest business men and financiers against the continuance of irresponsible and unscientific banking, and alike in behalf of merchant and laborer. To chronicle the creators of this bank is to list not a few of the builders of Chicago. It was in 1856 that among other prominent citizens the following came together to establish an institution that should subserve the mercantile and manufacturing interests of the Chicago of that day, and of the future Chicago which some foresaw:

Walter Loomis Newberry,
Henry Farnam,
John High Dunham,

Dr. John H. Foster,
Isaac Newton Arnold,
John Wentworth,
Luther Haven,
Mahlon Dickerson Ogden,
F. B. Cooley,
William E. Doggett,
Edwin Blackman,
Amzi Benedict,
John High, Jr.,
Haines H. Magie,
George Steele,
Jonathan Burr,
William B. Ogden,
Augustus Harris Burley,
De Villo R. Holt,
George Armour,
Grant Goodrich,
Edward Kendall Rogers,
Cyrus Hall McCormick,
Asher Carter,
Solomon A. Smith.

Isaac Newton Arnold, the first clerk of the city of Chicago, was one of this bank's first trustees. In an era of expansion and repudiation, "he was known as an earnest pleader for saving the credit of Illinois by accepting in good faith, the whole burden which had been so unwisely laid upon it by the state representatives. Thenceforth he was universally regarded as a champion of public honor, a principled opponent of repudiation." He was several times in the state legislature, being elected in 1856 on the anti-slavery ticket. He served in Congress throughout the great Civil War. He introduced the momentous bill in Congress, pro-

hibiting slavery in every place directly subject to national jurisdiction, and with amendments it was enacted and became a part of the constitution of the United States. He was the biographer and friend of Abraham Lincoln whom he had truly known and supported in his public career. While an attorney and a man of letters generally, he was one of Chicago's distinguished citizens.

Grant Goodrich was a prominent attorney, associated not only in the founding of this bank, but of Northwestern University. He was a judge of the Superior Court of Chicago.

Mahlon D. Ogden was the brother of William B. Ogden. He was a lawyer, probate judge and business man, and one of this bank's first trustees. His was the sole house on the north side escaping the great fire. It was long an historic mansion. Its site is now covered by the Newberry Library.

Dr. John H. Foster was a surgeon in the Blackhawk war, and a particularly efficient friend to the cause of education, both in the city and state. He was a member of the first board of trustees and rated as one of the wealthiest citizens of Chicago.

The name of Luther Haven is preserved in the record of his services in development of the public school system of Chicago. He was president of the board of education and collector of the port under Presidents Lincoln and Johnson.

John Wentworth was a New Hampshire man and graduate of Dartmouth College. Starting to Chicago in 1836, he completed the journey on foot from Michigan City. Soon after he became proprietor of Chicago's first newspaper, the Chicago *Democrat*, which he conducted until 1861. He was in Congress ten

years, and was twice elected as mayor of Chicago. In the panic of 1857, he stood for specie redemption. With these many activities he was also an attorney, a student of finance, and a director in Chicago's first railroad, the Galena and Chicago Union.

William B. Ogden came to Chicago in 1835, extensively embarked in real estate, and became Chicago's first mayor. He stood for public credit in a precarious time, and in a large sense was a builder of Chicago and the northwest, putting energy and money into railroad development. When fire levelled Chicago, he was then residing east, but returned to the city of his greatest activities, and exhorted its people to believe in its future and to build afresh. He was one of the founders and a trustee of this bank in 1857.

Walter L. Newberry came to Chicago from Connecticut in 1833, entering business as a dealer in general merchandise. He was one of the founders of The Merchants' Loan and Trust Company, and for a long time was a trustee. He was also a director and president of the old Galena railroad, now a part of the Northwestern system. For six years he was president of the Chicago Historical Society. In 1841 he was active in founding the Young Men's Library Association of Chicago, making the first contribution of books to it. His monument in Chicago is the great Newberry Library.

Francis B. Cooley was a merchant and head of the foremost dry goods house of its day, known as Cooley, Farwell & Co. He was one of the organizers of this bank and a trustee in 1857.

Charles Hitchcock was a distinguished lawyer of Chicago. He was the president of the constitutional convention held in Springfield in 1869 and 1870. He

framed the present constitution of the State of Illinois. He was one of the organizers and incorporators of this bank.

John H. Dunham was one of the foremost merchants of this city, prominent at the time because of the interest he took in the city's early improvements. His activities resulted in the building of Chicago's present waterworks system. He was the unrelentless leader in the fight directed toward the expulsion of foreign and local irredeemable paper currency then flooding the channels of trade. He was the first president of this bank, from 1857 until 1862.

George Steele was a contractor and constructed a portion of the Illinois and Michigan Canal. He built the first steam elevator in Chicago to receive grain from the canal and railroads at the junction of North Franklin street and the river. He afterwards engaged in the produce and commission business and was president of the Chicago Board of Trade in 1852 and 1853. He was one of the founders and a trustee of this bank in 1857.

Jonathan Burr was one of Chicago's most progressive men and one of its earliest philanthropists, leaving, as he did, his handsome fortune to public charities. He was a trustee in 1857, and vice-president from 1858 to 1860.

Haines H. Magie came to Chicago in 1832. He was in the mercantile business which he pursued until about 1854, by which time he acquired an ample fortune. His mercantile business bore the same relation to Chicago then as that of Marshall Field and Company does today. He was vice-president of this bank from 1860 to 1862. He died in 1879.

William E. Doggett was a wholesale merchant. Doggett, Bassett & Hill were the leading shoe dealers

in Chicago, being founded in 1846. He helped organize, in 1860, the Mercantile Association which did so much for the city's business interests in Chicago's early days. He was a trustee of this bank in 1857 and, after retiring from business, served as vice-president from 1863 to 1876.

Augustus H. Burley was a prominent merchant of early Chicago, conspicuously identified with its affairs. At the outbreak of the civil war he was active in organizing the Union Defense Committee. He was one of the organizers of this bank and a trustee in 1857; he continued to serve as a director until the time of his death in 1903.

De Villo R. Holt as a young man had charge of his father's trading post at Mackinac Island. In 1847 he came to Chicago and formed the firm of Foster & Holt, which was incorporated in 1888 as the Holt Lumber Company and is still extensively engaged in the lumber manufacturing business. He was one of the organizers of this bank and a trustee in 1857; he served as cashier from 1858 to 1862, when he resigned on account of his health and recommended as his successor Lyman J. Gage, who was then a bookkeeper in this bank.

Amzi Benedict was a dry goods merchant, who shared in the establishment of the firm of Field & Benedict, about 1849, The house weathered the financial storms of 1857 and 1861, and became recognized throughout the west as one of Chicago's strongest and most honorable houses.

John High, Jr., about 1837 founded the dry goods house of Magie & High, and was one of the prominent merchants of the Northwest. He was one of the founders and first vice-president of The Mer-

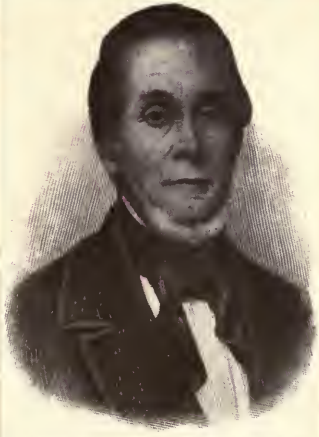
Location of Bank when Established in 1857
Northwest Corner South Water and La Salle Streets

First Board of Trustees in 1857

ISAAC N. ARNOLD

HENRY FARNAM

WALTER L. NEWBERRY

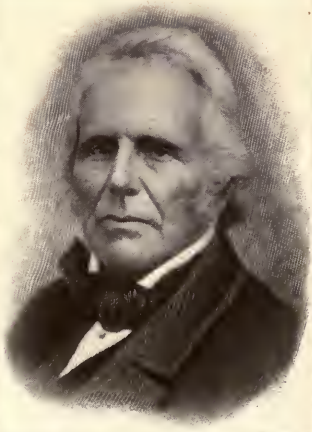


JONATHAN BURR

First Board of Trustees in 1857

JOHN H. DUNHAM

WILLIAM B. OGDEN

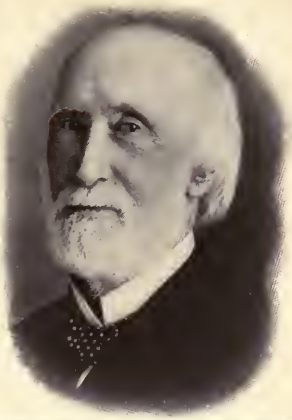


DR. JOHN H. FOSTER

DE VILLO R. HOLT

First Board of Trustees in 1857

WILLIAM E. DOGGETT



FRANCIS B. COOLEY

AUGUSTUS H. BURLEY

GEORGE STEELE

The Dickey Building in 1871
Southwest Corner Lake and Dearborn Streets

BANK

chants' Loan and Trust Company. He died in 1857.

Solomon A. Smith came to Chicago from Massachusetts in 1840, and at first became connected with Luther and Mathew Laflin, the country's largest makers of powder. He, succeeding John High Dunham in this bank's presidency in 1860, so conducted its affairs during a perilous time, that the city's leading historian has written of this financier: "As a banker and financier Mr. Smith was rated as one of the strongest of the strong, and to him is due the greater honor of upholding the commercial credit of our city, than to almost any other one man."

Henry Farnam was from Connecticut, and one of the first board of directors of this bank, and its president from 1862 to 1863. He was the contractor for the building of the Chicago & Northwestern Railway and one of its presidents.

Reputable sponsors stood for this bank at its legislative birth. In the senate the necessary bill was introduced by Norman B. Judd, more eminent still in later life as United States minister to Russia, by appointment of Abraham Lincoln. In the house Isaac N. Arnold also championed, together with Mr. Dunham and others, the measure which was to prove of no little significance to the welfare of a great city which was to be. On January 27, 1857, the bill came out of the legislature, to be duly approved on the following day, January 28th, by Governor William H. Bissell; in the house of fifty-nine members voting, two only opposed the measure.

This bank was incorporated as the Merchants' Savings, Loan and Trust Company, and its incorporators were: William B. Ogden, F. B. Cooley, N. P. Wilder, Henry Farnam, Samuel P. Officer, John High, Jr.,

Erastus S. Williams, Henry W. Hinsdale, John W. Stanley, John P. Babcock, Charles Hitchcock, D. R. Holt, R. W. Officer, and associates. The capital of the company was fixed at $500,000, with liberty to increase the same to $2,000,000. The life of the corporation was fixed for a term of fifty years next succeeding the first day of March, 1857. A grace of two years was also allowed in case the corporation, at the close of its operating period, should be in the process of closing up its affairs. The charter further provided that the management of the company should be by a board of trustees of at least nine in number, and that the stockholders in the corporation should be holden to the creditors for the amount of capital stock each held in the same.

Empowered to begin business, the bank's organizers reached forth for a banking place and banking talent. Their progress is shown in the following news item published in the Chicago *Daily Democrat*, of May 5, 1857.

"A New Banking Institution.

"The stock necessary for the organization of the Merchants' Savings, Loan and Trust Company has all been subscribed. The directors have chosen J. H. Dunham, president, and A. G. Hammond, late of the Hartford Connecticut Bank, cashier, and propose opening the institution for business between the 1st and 15th of June, in Geo. Steele's building, South Water Street. The capital of the institition is $500,000 with the liberty to increase the same to $2,000,000.

"The trustees of the company are:

"W. B. Ogden,

"W. L. Newberry,

"Jonathan Burr,

"George Steele,
"John High, Jr.,
"Henry Farnam,
"John H. Foster,
"Isaac N. Arnold,
"D. R. Holt,
"Wm. E. Doggett,
"F. B. Cooley,
"A. H. Burley,
"J. H. Dunham."

A month later on June 3rd, the same paper repeating its announcement of Mr. Hammond's engagement, thus advised the public to look upon the new bank with confidence.

"The New Banking Institution.

"We learn that A. G. Hammond, Esq., cashier of the Hartford Bank, Hartford, Connecticut, retires from his position in that institution, to take the direction of the large joint stock bank of this city, for which a charter was obtained at the last session of the legislature. The institution is commonly known as Dunham's Bank. Some of our leading business men and heaviest capitalists are stockholders in this bank." (List of stockholders not quoted.)

The Merchants' Savings, Loan and Trust Company bank opened for business on Wednesday, June 10, 1857, an event which received the following notice in the Chicago *Daily Democrat*, of June 12:

"Merchants' Savings, Loan and Trust Company.

"This banking institution, of which A. G. Hammond, Esq., is cashier and secretary, Hon. J. H. Dunham, president, and John High, Jr. Esq., vice-president, commenced business on Wednesday last.

The institution was chartered by the last legislature. The capital is $500,000, with the privilege to increase it to $2,000,000. Of this capital $150,000 has been paid up already, which will be increased at the rate of $100,000 per month, until the $500,000 is paid.

"This institution has started under very flattering auspices, a large number of our wealthiest business men having taken stock. A large number of accounts have already been received, and in a few weeks at most, the bank will be in the full tide of successful operation and become one of the leading institutions of the city. The cashier, A. G. Hammond, is late of the Bank of Hartford, and it will be a good recommendation to our citizens generally to say, that he is a brother of C. G. Hammond, Esq., superintendent of the Chicago, Burlington and Quincy Railroad, and if his looks do not belie him, he will prove himself every way worthy of the relationship. The president and vice-president are well known as among our most wealthy and conservative business men, who will take all possible care of the character and credit of the institution.

"The establishment of the new bank created quite a little excitement among the bankers generally yesterday, and some pretty heavy drafts were made upon some of the larger and older banks to meet the requirements of the new.

"We understand that over $250,000 of the capital stock has been taken abroad, which will, of course, add so much to the available bank capital of the city."

Under such encouraging auspices as are above described the new bank began business, and, in an advertisement in the Chicago *Daily Journal*, of June 13th, thus solicited patronage:

"Merchants' Savings, Loan and Trust Company,

having a subscribed capital of $500,000, with the privilege to increase the same to $2,000,000, with $100,000 in cash fully paid in, is, according to the provisions of its charter, prepared to buy and sell exchange on all the principal cities of the United States, and discount satisfactory business paper of short date. The executive committee will meet daily at twelve o'clock a.m., and persons applying for discounts will receive an answer at one o'clock p.m.

"They will receive money for accumulation, allowing compound interest at seven per cent. per annum, when the amount is deposited for a number of years; receive and execute trusts by order of courts from estates, corporations and individuals, and also collect notes, drafts and acceptances payable in this city, and remit for same at current rate of exchange at maturity, and also make collections upon their points upon favorable terms.

"Office corner of La Salle and South Water streets."

Only once, so far as its knowledge and intentions go, has this bank been a disturber rather than a conserver. The event is noted in a money market bulletin of a Chicago paper, date of June 20, 1857:

"The new bank just started in this city (Merchants' Savings, Loan and Trust Company), slightly disturbed the regular course of business on Wednesday, as its entire paid up capital, and a considerable amount in deposits, were drawn from the currency in general circulation and from the other banks, but, in a day or two, as these funds were re-discounted, this disturbing element regulated itself."

Edwin S. Wells, a resident of Lake Forest, Illinois, was the first depositor in this bank. He opened number one account early on the morning of June 10,

1857, and since has maintained these business relations during half a century. In 1857 he was engaged in the wholesale grocery business on South Water Street, the firm name being Wells & Faulkner. Mr. Wells is now seventy-eight years of age and has retired from active business.

The Bank After the Chicago Fire in 1871

The Bank After the Chicago Fire in 1871

THE records of the transactions of corporate bodies are as unimpassioned as the brick books of Babylon, although between the lines are to be read the story of struggle, sometimes of a progressive success, sometimes of cumulative disaster. The written history of The Merchants' Loan and Trust Company is happily devoid of sensations. It has met all perils incident to the business of banking with composure, and all crises with forethought and confidence—disasters it has had none save that of the great fire of 1871, common to the whole community. When the financial storms of 1873 and 1893 were engulfing hundreds of banks, the animating policies of its administration easily enabled it to move on without halting or hesitation, and, be it gratefully recorded, reinvigorated and with the increased confidence of Chicago's business world.

One may not, however briefly, treat of the evolution of The Merchants' Loan and Trust Company without a searching glance at the volumes which so passively record the proceedings, month after month, year after year of the administrators of its work—of its board of trustees drawn from Chicago's most representative and most successful business men, men of wisdom, conservatism, courage, and large affairs. These volumes are the minute books of the acts of directors who have

truly directed Chicago's oldest bank. From these records are herewith gleaned data which older Chicago citizens, with live, even affectionate memories, of contemporaries who have guided the growth of this bank, can read with more than passing interest.

The Merchants' Loan and Trust Company arose from its ashes after the great fire of 1871 in a manner most interestingly pictured to those who will read between the lines of the formal records which testify to the corporate acts necessary to a new start and continuation of business. A week after the fire, when resolve had become energized by the heat with which the bank's ruined pile had parted, there was held a meeting having the following official record.

"Chicago, October 17, 1871.

"A meeting of the Board of Trustees of The Merchants' Savings Loan and Trust Company was held at the residence of S. A. Smith, Esq.

"There were present Messrs. Smith, Armour, Yoe, Tyrrell, Foster and Kellogg.

"On motion of P. L. Yoe it was unanimously resolved that this Company open for general business this day.

"On motion of John Tyrrell it was resolved that, in consequence of the loss of many books and papers of the Company, the president and cashier be authorized to use their judgment in the payment of balances by depositors.

"On motion of P. L. Yoe it was resolved that Messrs. Ayer & Kales be employed as the attorneys of this Company.

"On motion the Board adjourned.

"Charles P. Kellogg, Secretary."

The next step was thus recorded by the men who took it:

"Chicago, October 20, 1871.

"A meeting of the Board of Trustees of The Merchants' Savings Loan and Trust Company, held at their office in the residence of S. A. Smith, Esq., at ten o'clock a. m.

"Present: S. A. Smith, Armour, Foster, Yoe, Kellogg and Tyrrell.

"On motion of P. L. Yoe, seconded by J. Tyrrell, it was unanimously resolved that the cashier and proper officers of this Company be, and they are hereby, instructed on being satisfied of the accuracy and justice of any claim or claims for balances on account of deposits at the time of the late fire, to enter up credit therefor to the person, persons, firm or company entitled to the same.

"On motion of C. P. Kellogg, seconded by George Armour, it was resolved that the president, for this Company, unite with the Chicago Gas Light and Coke Company in the construction of a building on the corner of Wabash Avenue and Hubbard Court, a portion of which shall be used as a temporary banking house for this Company.

"JOHN TYRRELL, Secretary *pro tem.*"

Then came for judicious settlement an extraordinary matter.

At the regular monthly meeting of the trustees, December 4, 1871, there being present Sol. A. Smith, Wm. E. Doggett, E. K. Rogers, H. H. Magie, John Tyrrell and John H. Foster, the cashier reported "that most of the accounts of depositors had been settled and restored upon the books, but that there

still remained unsettled a number of accounts of depositors, the amount of whose claims was some $210,000; and that, if all these claims were settled and paid, the whole amount of deposits allowed would overrun the amount of deposits supposed to be held by us at the time of the fire some $58,500.

"On motion of Wm. E. Doggett it was unanimously resolved that, the board of Trustees having heard the report of the cashier as to the condition of the old deposit accounts, hereby desire to express their approval of the settlements already made, and at the same time record their opinion that it is to the interest of the institution that the claims remaining unadjusted be settled at the soonest possible day in such a manner as may be deemed best by the president and cashier, believing it better for the institution to suffer the loss estimated by the cashier (some $58,500) rather than be subject to any litigation in court."

Pursuant to this resolution it was only a matter of a short time, before each and every claim had been satisfactorily adjusted and settled for all time to come.

The history of American banking does not record another such example of mutual confidence and business honor. Depositors, without even a scrap of paper to prove their claims, were restored to a financial position, enabling them to resume business.

In the foregoing way The Merchants' Loan and Trust Company settled its uninterrupted business harmoniously and efficiently after the great fire. When the eventful and destructive year of 1871 had run its course, the cashier of the bank, made a report to its stockholders which amounts to a more than ordinarily interesting page in the history of Chicago banking. In the main this report reads as follows:

Opening the Vaults of this bank after the Fire

From a sketch made by Henry Reinhardt in 1871

Temporary Banking Quarters after the Chicago Fire
Residence of Solomon A. Smith, Wabash Avenue, in 1871

The Manierre Building in 1872
Northeast Corner of Madison and Dearborn Streets

"*Gentlemen,*—I beg to submit to you the usual statement of the condition of the affairs of your institution on the evening of December 30th, 1871, being the closing of our fiscal year, viz.:

STATEMENT TO THE STOCKHOLDERS OF THE MERCHANTS' SAVINGS LOAN AND TRUST COMPANY

Liabilities

Capital Stock	$1,000,000.00	
Due Depositors	2,017,033.27	
" Banks and bankers	102,025.98	
" Unpaid dividends	5,454.23	
" Undivided earnings	535,571.78	
" Surplus account ..	50,000.00	
		$3,710,085.26

Resources

Bills discounted	$1,817,459.09	
Overdrafts and call loans	108,152.10	
United States 5/20 bonds	120,500.00	
Chicago water loan 7% bonds	100,000.00	
Office furniture	2,000.00	
Due by banks and bankers—exchange	668,310.17	
Cash remittances	24,368.81	
Cash on hand in currency	733,818.93	
Cash on hand in checks	135,476.17	
		$3,710,085.26

"The foregoing is a correct statement of the assets and liabilities of your institution, except as to the item 'due depositors.' When the remaining outstanding accounts and claims of a few depositors are adjusted, (the delay in the settlement of this having only been

occasioned either by the absence of the parties or the research for further proofs to substantiate the claims), this item will be increased by some $55,000, and this increase will have to be offset by a corresponding charge to profit and loss.

"To better explain this discrepancy, it may be well to record here the trying and vexatious crisis through which your institution has had to pass in the last quarter.

"As the great fire of October 8th was fast assuming a most alarming character, it found your president, Solomon A. Smith, Esq., and Mr. Lathrop, one of the book-keepers, promptly on hand at the office of the bank. The books of the institution were immediately placed in the book vaults and all were carefully closed. A few moments afterwards your cashier made his appearance, and a hasty consultation was held with the president as to what was deemed most advisable to do.

"The danger to the institution was fully comprehended at once, and no time was to be lost. It was well remembered that but a few years before our vaults were, at considerable expense, put in what was then believed to be the best of condition, and were then inspected and pronounced fire-proof by our architect. Our money and book vaults were consequently considered equally safe, but, as a measure of greater prudence, it was resolved to direct at once all our efforts towards placing our money and other valuables beyond the reach of the destroying element.

"The doors of the bank were closed behind us while the combinations and doors of our money vaults were open. The money, checks and bills discounted, with collaterals, were taken from our safe and, burdened with this precious load, not in the least intimi-

dated by the danger of being robbed by the mobs of the streets, all three started for a place of safety, after carefully closing all vault doors. Through streets filled with dense smoke and burning cinders, or obstructed by crowds of half demoralized people, your valuables were carried from station to station until they reached a place deemed sufficiently secure, some two miles from the starting point.

"In the meantime another journey was made by the cashier and book-keeper to the bank, but the fire was then so close upon it that only a list of the numbers of our Government bonds and various balance sheets of general accounts could be carried off in hot haste.

"On the following Tuesday morning, at the earliest possible time, the remains of the banking building were reached and work began at once to cool off our vaults, which were surrounded by fire. After three days, during which constant work and guard were kept upon the vaults, they were finally entered and the contents of the money vault were removed.

"But, if we were so very fortunate in saving all our valuables, we were not so successful with our books. One of the large book vaults had given way to the heat and pressure of falling walls, and, to our utter consternation, we found many of our books, accounts and papers, to be burned and charred beyond any possible recognition.

"This seemed to us then an almost irreparable calamity—some six hundred accounts involving a sum of some two million of dollars, subject to call at a time when the public mind was disturbed and confidence seemed destroyed, to be still without a scrap of paper to indicate their condition. This surely was anything but encouraging.

"However, on the morning of October 17, 1871, the first day any other bank reopened, your trustees convened and wisely resolved that the bank should open for business as usual that very morning, leaving to the president and cashier to settle all accounts as in their judgment they deemed best. Our money and valuables were counted and, with the aid of the figures of our other general accounts, the gross amount of our deposits ascertained and on that morning, October 17, 1871, our office, improvised in the basement of President Smith's residence, No. 414 Wabash Avenue, was opened for business. But under what difficulties!

"We had scarcely any room to accommodate the large number of our customers, we had scarcely any counters or books to keep our accounts apart; we began to receive deposits and pay out. Contrary to what under the circumstances might have been expected, the close of that day's business found us with more cash on hand than we had at the opening. This was highly satisfactory, as it clearly showed that all our troubles had in no wise shaken the confidence of our depositors in us. Our clearings with other banks, involving the payment of some $300,000 of checks, were effected without the loss of a cent to the bank.

"In accordance with a printed notice in our several dailies, our depositors brought in their accounts for verification, as rapidly as possible. Every account was accompanied by proofs and affidavits as to its correctness, and when deemed conclusive was admitted at once and passed upon by placing the amount claimed to the credit of the party.

"As to the nature and value of our bills discounted, I will refer you to the report of our last examining committee which is also presented today, and I trust

that nothing but great satisfaction can be derived from that direction.

"In summing over a vast amount of labor on the part of your clerks, your president and cashier and the advisory assistance of your trustees, it affords me much gratification to be able to present to you the accompanying statement, showing clearly that we have accomplished what was deemed by most certainly a very difficult and even by many a good business man an almost impossible task, to-wit: the re-establishment of all our books and accounts and the restoration of our business in its former smooth-running order; all that within a few weeks and without the interruption of a single day's business after the reopening of the bank, October 17, 1871.

"All of which is respectfully submitted.

"(Signed) CHARLES HENROTIN, Cashier."

First Statement of Condition of Chicago

Banks	*Capital*
First National Bank,	$1,000,000
Third National Bank,	750,000
Union National Bank,	750,000
Fifth National Bank,	500,000
Commercial National Bank,	500,000
Manufacturers' National Bank,	500,000
Northwestern National Bank,	500,000
Corn Exchange National Bank,	500,000
German National Bank,	500,000
Merchants' National Bank,	450,000
Cook County National Bank,	300,000
National Bank of Illinois,	300,000
Mechanics National Bank,	250,000
City National Bank,	250,000
National Bank of Commerce,	250,000
Fourth National Bank,	200,000
Traders' National Bank,	200,000
Second National Bank,	100,000
Union Stock Yards National Bank,	100,000
Total National Banks,	$7,900,000
Merchants' Savings Loan and Trust Co.,	1,000,000
State Savings Institution,	105,000
Lunt, Preston & Kean,	100,000
Prairie State Loan and Trust Company,	100,000
Union Insurance and Trust Company,	125,000
International Mutual Trust Company,	200,000
Commercial Loan Company,	100,000
Other Banks, not including Savings Banks or Bank of Montreal,	1,250,000
	$10,880,000

Compiled from official statements of December 31st, 1871.

Banks Following the Great Fire of 1871.

Surplus and Undivided Profits	*Deposits*	*Loans and Discounts*
$468,607.06	$3,455,639.93	$2,051,669.41
319,155.53	3,107,464.67	2,611,483.35
404,564.79	4,870,188.20	2,768,230.43
137,567.35	1,075,759.63	863,623.89
170,734.91	1,725,326.95	1,204,861.36
43,502.28	1,359,625.91	1,058,728.02
256,123.64	1,129,870.50	1,223,433.00
41,213.37	916,457.84	636,065.32
81,915.16	1,672,434.95	946,420.22
481,875.14	1,439,564.83	1,051,917.28
2,812.56	603,127.19	576,420.66
790.76	574,731.23	343,448.26
149,390.71	777,076.48	758,193.44
62,564.97	739,106.88	598,627.16
20,749.82	433,239.01	380,917.27
45,719.49	360,164.80	265,616.26
61,331.99	692,888.98	480,847.27
54,355.57	848,143.26	542,400.79
22,602.05	323,572.19	153,036.58
$2,825,577.15	$26,104,383.43	$18,515,939.97
530,571.70	2,174,059.25	1,925,611.19
55,000.00	3,569,154.12	1,727,976.14
25,317.13	983,948.95	353,541.64
13,569.08	652,867.53	382,823.33
21,951.50	369,429.74	308,858.11
20,000.00	335,157.22	341,678.24
19,137.09	279,536.54	239,278.54
	2,750,000.00	2,500,000.00
$3,511,123.65	$37,218,536.78	$26,295,707.16

Men and Acts of an Important Era
1871-1907

Men and Acts of an Important Era, 1871-1907.

THE official record of The Merchants' Loan and Trust Company, from the day when the cashier entered his interesting story of the great fire of 1871 upon the minute books, to the day of the bank's semi-centennial, is the record of a bank whose evolution has been peculiarly one of progressive conservatism. The bank has grown with Chicago, and has contributed to Chicago's growth. In this generation new banking conditions, to meet the requirements of the trade and industry of this seething, ever-changing, metropolitan city of Chicago, require "specialized banking." In this respect The Merchants' Loan and Trust Company has not only kept abreast of the times, but it has, in many ways, anticipated the future.

The story of this era, barren though it be of sensational events, may find many a sympathetic reader among those surviving thousands who remember with pride the more than common personalities who guided this bank out of the dark ages of empiricism, and, themselves foundation stones of this metropolis, entrusted The Merchants' Loan and Trust Company to no less substantial forces.

The stockholders of The Merchants' Loan and Trust Company, at the meeting of January 2, 1872, being the first gathering of the owners of the bank after the

great fire, gave over the uninterrupted business and administration of the bank to the following trustees: Solomon A. Smith, William E. Doggett, George Armour, E. Kendall Rogers, Peter L. Yoe, Augustus H. Burley, Charles P. Kellogg, John Tyrrell, Edwin Blackman, Haines H. Magie, and Elias T. Watkins.

At the meeting of the trustees April 4, 1876, there was a vacant chair, and to their departed colleague, William E. Doggett, his associates paid tribute, formally characterizing him, who for fourteen years had been its vice-president, as a faithful and efficient officer and a valued friend. Into his place by unanimous vote of the board stepped John Tyrrell.

On May 22, 1876, the bank's administration received powers to uphold Chicago's good name. The incident is reflected in an order of the board authorizing the president "to lend the city of Chicago any sum which in his judgment he thinks advisable, the loan to be made with a view of assisting the city towards preventing its certificates of indebtedness from going to protest."

On April 1, 1878, Charles Henrotin retired from the office of cashier and secretary, and soon thereafter Henry E. Lowe was made his successor.

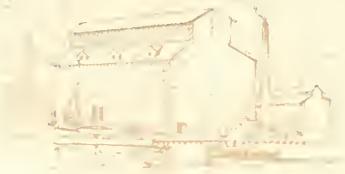
The successful career of The Merchants' Loan and Trust Company has been under a state charter and state supervision. It might have been a national bank by conversion, but it did not become one. What it might have been matters not, for a half-century of success does not invite a retrospective study of alternatives. And yet it might have become a national bank as a board order of January 7, 1879, interestingly witnesses. In brief, this order empowered the bank's

Former Directors

MARSHALL FIELD

Former Directors

GEORGE ARMOUR



CYRUS H. MCCORMICK, SR.

GEORGE M. PULLMAN

Former Presidents

SOLOMON A. SMITH

JOHN TYRRELL

JOHN W. DOANE

administration "to enquire into the expediency of organizing a national bank under the acts of Congress, and of transferring to such organization the business of this Company," etc., etc.

The memorial records of an institution do not vividly portray events or men that made them, but in recording the death of their colleague, Haines H. Magie, the trustees at their meeting of January 22, 1879, spoke of him as fulfilling the position of trustee in a "conservative and careful manner," as being "a genial and pleasant associate," and, again, as a citizen "long identified with the city's growth and prosperity, and one who lived an honest, upright and just life."

It was in the same year, 1879, on November 28th, that the trustees met to confess their debt to their deceased president, Solomon A. Smith. This they did in terms of respect and esteem, as to a fellow trustee and banker, as to a man and citizen, to which tribute was further added this: "our company has lost one who, long identified with its business, has always faithfully and with great ability administered its affairs." On January 4, 1881, John Tyrrell became his successor.

Faithful men went out and faithful men came in. On June 7, 1870, Frank C. Osborn was chosen assistant cashier. It was in this year, in March, that the quarterly dividend of this bank was raised to three per cent.

At the meeting of stockholders, January 6, 1880, Byron L. Smith first became a trustee, and on January 4, 1881, he was elected vice-president of the bank.

The incorporators of this bank, contemplating its exercise of several functions, were authorized by charter to name the institution The Merchants'

Savings, Loan and Trust Company. But, the department of savings continuing undeveloped, it was determined at a meeting of the stockholders April 26, 1881, that the original name should be changed to that which, for nearly a generation, it has borne with increasing distinction in the world of banking. With the increase of the bank's business it became expedient to increase its resources to the limit prescribed for its capital stock in its charter, and, accordingly, on January 14, 1882, the directors amplified their banking facilities by an order increasing the stock of the company to its lawful maximum, that is, to $2,000,000.

In 1883 two good men passed forever from the counsels of the bank. On May 7th the directors recorded their loss in the decease of Edward K. Rogers, and on November 5th took similar action in memory of Palmer V. Kellogg. On December 17, 1883, Henry E. Lowe, secretary and cashier, moved to retirement by ill health, left the service of the company, which he had faithfully served in various capacities for twenty-five years.

On January 8, 1884, John W. Doane became president of the bank.

On February 4th of this same year, the vacant office of cashier and secretary was filled by the election of Frank C. Osborn. Two days later, February 6, 1884, Orson Smith was unanimously elected by the directors to be second vice-president of The Merchants' Loan and Trust Company. Mr. Smith had become the first incumbent of this office in this bank, inasmuch as at this same meeting it had been created by an amendment to the by-laws.

The pressure for a greater development of the bank's trust business appears in an order of the

trustees, April 6, 1885, declaring that "the company has been requested to accept sundry trusts," and authorizing the executive committee, in its discretion, to accept trusts for the best interests of the company. Prior to this, however, and as early as July, 1880, the bank had accepted trusteeships for bonds issued under mortgages.

At the annual meeting of the stockholders, January 5, 1884, Cyrus H. McCormick, Jr., was elected to the board of trustees, taking the place of his father, inventor and captain of industry. On April 13, 1886, his associates of the board recorded their appreciation of Edwin Blackman, deceased.

As the bank grew, new men came into its administration to enlarge its powers and broaden its policies. On January 6, 1890, the directors ordered the enlargement of the board from eleven to thirteen members, and on the succeeding day the following men were elected by the stockholders to become the new larger board of trustees of this bank.

Augustus H. Burley,
John W. Doane,
Cyrus H. McCormick,
John Tyrrell,
Peter L. Yoe,
Lambert Tree,
John De Koven,
Marshall Field,
George M. Pullman,
Elias T. Watkins,
Albert Keep,
Erskine M. Phelps,
Orson Smith.

When Chicago girded herself for her colossal and

triumphant achievement, the World's Columbian Exposition, its creators received from this bank $15,000, the act of the bank's officers making this subscription being ratified by the directors, April 7, 1890. In further promotion of the financing of this vast undertaking, the directors, on October 3, 1892, authorized subscription for the six per cent debenture bonds of the Fair, then assuming appreciable structural form, such investment, however, not to exceed the par value of $200,000. On November 6, 1893, the directors ordered the following disposition of the bank's stock subscription to the glorious venture:

"Resolved, that the 1500 shares of the World's Columbian Exposition stock belonging to the bank be donated to the Columbian Museum of Chicago, subject to its organization, and that the stockholders of The Merchants' Loan and Trust Company be requested to ratify same at the next annual meeting. And should same not be ratified by the stockholders, then this board as individuals take the responsibility of the same by furnishing payment at the market value of the stock." The stockholders duly ratified the action of the board.

On March 2, 1891, F. N. Wilder was appointed assistant cashier. On March 17, 1892, the directors accepted the resignation of P. L. Yoe as vice-president, and filled the vacancy by election of Orson Smith. On January 7, 1895, the directors secured the services, as second vice-president, of E. D. Hulbert, at that time cashier of The First National Bank of Winona, Minn.

On February 13, 1895, J. G. Orchard was appointed cashier of the bank in place of Frank C. Osborn, deceased, for thirty years an exemplary employe of the bank.

On June 6, 1896, the auditor of public accounts of the State of Illinois, renewed the charter of The Merchants' Loan and Trust Company for ninety-nine years.

On January 7, 1897, J. W. Doane, having announced that he felt compelled to decline acceptance of another term of office, the vice-president, Orson Smith, therefore fulfilled the functions of the office until his actual election thereto later on.

When, in 1897, death claimed George M. Pullman, his colleagues on the board of directors of this bank, at a meeting, October 22, expressed themselves in the following comprehensive memorial:

"Resolved, that the members of the board of directors of The Merchants' Loan and Trust Company have received with profound sorrow the intelligence of the death of their late colleague, George M. Pullman, whose business skill, sound judgment, and enlightened counsel were greatly appreciated by the board in the discharge of the duties devolving upon it; that they deplore his loss, and while cherishing with the highest pleasure the remembrance of their association with him as a trustee and director, take equal pride, in common with his fellow citizens of Chicago, in the great position he achieved during his life as a useful, public spirited, and beneficent man."

On January 4, 1898, there was elected to the board of directors, Moses J. Wentworth and Edmund D. Hulbert, in place of George M. Pullman and John Tyrrell.

Another faithful custodian of high trusts finished his watch when Peter L. Yoe died in 1898. On April 6, his associates recorded their loss, and on May 3, again testified to the removal of a staunch link from their chain in the death of John De Koven.

On June 9, 1898, Enos M. Barton was elected to the vacancy in the board of directors.

At a meeting of the directors April 3, 1901, the death of John W. Doane was recorded with fitting words in recognition of his services as president and director of the bank.

On April 2, 1903, the directors filled a vacancy in the board by the addition of Elbert H. Gary to its membership.

Another step in the bank's development was taken when at a meeting of the stockholders, June 9, 1903, capital stock of the company was ordered increased from $2,000,000 to $3,000,000.

January 5, 1904, the directors characterized their affectionate regard for their colleague, Augustus H. Burley, who had been a director since the organization of the bank in 1857, in the following words:

"He has seen the beginning of the bank and watched its growth, and in all its stages of development as a financial institution of the city of Chicago, it has had the benefit of his conservative counsel and sound judgment. Ever ready and most conscientious and enlightened in performance of his duties as director of The Merchants' Loan and Trust Company, he was equally so in the public positions, state, county and municipal, to which people at different times, during his career, assigned him. We mourn him therefore not only as a colleague, but also as a citizen and a public officer, who set a high example to his fellows."

At this same meeting of the board another of the stalwarts received the tribute of the good and faithful servant in the person of Elias T. Watkins.

At the meeting of the stockholders, January 5, 1904, there were elected to the board of directors

T. J. Lefens, Clarence A. Burley, and Chauncey Keep.

On April 6, 1906, the directors placed upon the records this tribute to their late colleague, Marshall Field, who had shared in counsels of the bank so many years, and was at the time of his death the oldest living director in point of service.

"The members of the board of directors of The Merchants' Loan and Trust Company wish to express their profound sorrow for the loss which has come to the board and to the bank by the death of Marshall Field.

"Mr. Field became a stockholder of The Merchants' Loan and Trust Company in 1876, and a member of its board of directors January 2, 1877. At his death he was the last survivor of the board elected at that time and had been longer a director than any man now living. He largely aided in the development and the growth of the bank, and was always ready to assist and support its officers and assume responsibility in the important matters upon which he was consulted.

"It is given to few men to attain such great success and leave a reputation unsullied and honorable, and few there are, whose career is such an example of what may be accomplished by upright conduct, combined with great ability. In the death of Marshall Field the community has lost a high-minded and conscientious citizen, this bank an able and wise director, and his colleagues a prudent counselor and friend."

While these resolutions are the tribute of personal friends and bank associates, they reflect the sentiments of the press and public, as expressed at the time of his death.

On November 7, 1906, John S. Runnells was

elected as a director to fill the vacancy on the board which was caused by the death of Marshall Field.

The foregoing in briefest form sketches the evolution of this bank from the day of the great fire to the present time. Such a chronicle of events, in this era of large and startling transformations in business and finance, may seem commonplace, but it is really not so, for these events are the occasional markers to the well-ordered march of a bank of many departments and more than ordinary banking powers; the whole being the product of wise management shaping internal growth in a time characterized by expansion through combination. Every watchman of the old guard who dropped from the ranks in the past generation receiving, as above suggested, the tribute of his colleagues was a potent Chicago fact, his life and service a monument to good banking and good citizenship. He and his predecessors it was who did so much to make the state bank a tower of strength in Illinois. To him honor.

To read the names of the builders of this bank who have passed away is to read the names of those well up toward the top of Chicago's roll of honor. Among them are men who have acquired international reputation and contributed largely to the prosperity of this city.

George Armour established the firm of Armour, Dole & Co. in 1860 and engaged in the grain and commission business, the outgrowth of which was an extensive line of grain elevators on the railroads radiating from Chicago and which established Chicago's early supremacy as a grain center. He was president of the board of trade in 1875, and was popularly known as the father of the grain elevator system. He

Former Directors

JOHN HIGH, JR.

E. KENDALL ROGERS

HAINES H. MAGIE

Former Directors

PALMER V. KELLOGG

CHARLES P. KELLOGG

EDWIN BLACKMAN

Former Directors

PETER L. YOE

JOHN DE KOVEN

ELIAS T. WATKINS

Former Cashier—One of the Founders of this
Bank—The First Depositor

FRANK C. OSBORN

CHARLES HITCHCOCK

EDWIN S. WELLS

was a director of this bank at the time of the great fire and retired in 1881.

Charles P. Kellogg was associated with his father in the wholesale clothing business; the firm in 1868 was known as C. P. Kellogg Co. In 1870 he, with other prominent merchants, organized the Commercial Club. He was a director at the time of the Chicago fire and served until 1881.

Edward Kendall Rogers was in the wholesale iron and coal business. The firm was established in 1840. He was one of the organizers of the Chicago Board of Trade and a director of this bank for over twenty years, retiring in 1883.

Palmer V. Kellogg was a wholesale clothing merchant and established the house of P. V. Kellogg in 1859. After retiring from active business he was a director in this bank for many years, retiring in 1883.

Frank C. Osborn began his business career as a young man with this bank, and owing to his ability and fidelity was promoted from time to time. He served as cashier from 1884 to 1895.

George M. Pullman was the founder of the Pullman Palace Car Company, now known as the Pullman Company. This concern was the first in the world to engage in the building of "sleeping, hotel and palace cars." The name Pullman has become intimately associated all over the world with luxurious travel. He built the town of Pullman, Illinois, as a home for his great enterprise; he was an idealist as well as practical producer and his great desire was to surround his workmen with model working conditions. He was a director of this bank from 1881 until his death in 1897.

Peter L. Yoe was vice-president of this bank from 1885 to 1892; he served as a director for twenty-six

years until the time of his death in 1898. During the great fire of 1871 his house on Terrace Row was a temporary refuge for the cash and valuables of this bank.

Edwin Blackman was associated for many years with Magie & High; he had extensive real estate interests in the city. He served as a director for over sixteen years and until the time of his death in 1886.

John DeKoven began his business career in Chicago with I. H. Burch & Co., bankers, and during his life was a banker. He was identified with many of Chicago's leading banks and served as a director of this institution from 1881 to 1898.

John Tyrrell was a prominent merchant of early Chicago. The firm of Burley & Tyrrell still continues the business. He was a director of this bank at the time of the fire and later served as vice-president from 1877 until 1881, and as president from 1881 to 1883. He retired from the board of directors in 1898.

John W. Doane came to Chicago in 1855 and started the business which afterwards became John W. Doane & Company, wholesale importers. Retiring from active commercial business, he became identified with this bank, first as a director in 1880 to 1901 and later serving as president from 1884 to 1897.

Elias T. Watkins was a progressive man, constantly working for the city's improvement; he gave to Chicago its first gas company, known then as the Chicago Gas Light and Coke Company. He was a director of this bank for over thirty years, until his death in 1903.

Cyrus H. McCormick, Sr., was a Virginian. Before becoming of age he had invented improvements in three different agricultural implements. At twenty-five,

in his father's shop and with his own hands, he made his first reaper. With the help of father and brothers the business grew to ten machines a year. The first consignment of machines to the west came in 1844 from Virginia *via* New Orleans and the Mississippi and the Ohio rivers. In 1847 he came to Chicago. In 1848 he built 700, and in 1849 over 1500 reapers. In 1851 Mr. McCormick, at the World's Fair in London, gave the old world his new idea. He triumphed, his reaper being pronounced by the London *Times* to be worth the whole show. When he pleaded for his American patent, his representative declared that the McCormick reaper brought an annual income to the United States of over $55,000,000, and moved the line of civilization westward thirty miles a year. France officially told this American that he had done more for the cause of agriculture than any other living man. His manufacturing works fell before the fire—but to rise and become what all men know them to be today. He was an organizer of this bank and a stockholder until his death in 1884.

Marshall Field was born in 1835 and came to Chicago when twenty years of age. He began his business career as a clerk in 1856 with the firm of Cooley, Wadsworth & Co. Four years later he was admitted as a partner and the firm became Farwell, Field & Co. In 1865 he withdrew and then organized the firm of Field, Palmer & Leiter. Potter Palmer retired in a short time, the firm became Field, Leiter & Co., continuing for fifteen years, and afterwards became Marshall Field & Co. in 1881. The growth of his wholesale and retail business made him pre-eminently the merchant prince of the world. He was identified in innumerable ways with the upbuilding of this city.

He was recognized as Chicago's leading citizen and a generous philanthropist. He acquired wealth and was rated as one of the rich men of America. He was a director of this bank and influenced its affairs from 1877 to the time of his death in 1906. He made The Merchants' Loan and Trust Company one of the executors and the final trustee of his estate.

Albert Keep was a director of The Merchants' Loan and Trust Company from 1884 until the time of his death, May 11, 1907. In 1851 he established a wholesale dry goods store in Chicago, under the name of Peck, Keep & Co. In 1856 he devoted himself to investments. In 1864, after the successful promotion of important interests for leading railways, he became a director and member of the executive committee of the Lake Shore road. Nine years later, as president of the Chicago and Northwestern road, he entered upon the development of that property. He was a director of the Chicago Home for Incurables and the John Crerar Library.

Long Time Employees

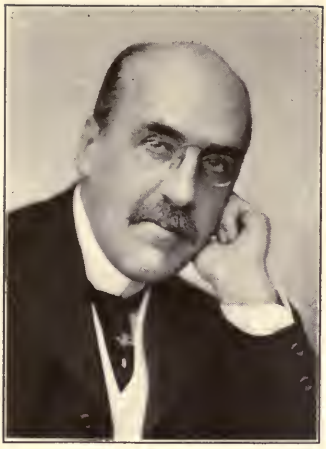
JOHN M. OOSTERBECK

ISAAC H. PERVIER

JOHN A. BELL

GALE BLACKBURN

Long Time Employees



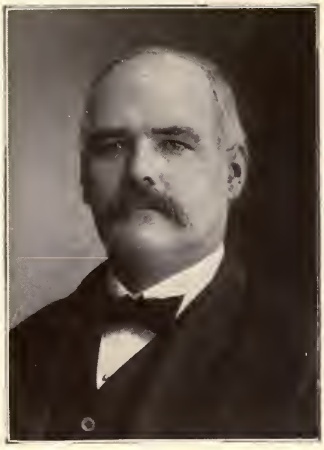
WILLIAM DENT BEALL

JOHN O. BARBER

ROBERT N. WARD

CHARLES. L. GARY

Long Time Employees



WILLIAM B. HALL

ISAAC W. BROWN

WILLIAM J. QUETSCH

ROBERT T. DURRELL

Early Banking in Illinois

Early Banking in Illinois

THE organization of The Merchants' Loan and Trust Company fifty years ago was reaction from the insane to the sane, from the empirical to the approximately scientific. How opportune, how necessary even, became the inauguration of the kind of banking to be introduced by this bank will be inferred from the reading of a sketch of the characteristics of early banking in Illinois.

Banking in pioneer Chicago was barter—white man, red man, guns, beads, blankets, etc., for the products of forest and stream. It was that old inhabitant of historic activities, Gurdon S. Hubbard, who seems to have inaugurated the rudimentary processes of Chicago's banking business, when, upon some older settlement east of Chicago, Buffalo for instance, he drew his bill of exchange for the promotion of trade between the frontier village of Chicago and the older and capitalistic east. In this early period silver coin was the chief currency; the only paper money in use, being the improvised scrip with which an Indian trader satisfied the white men and red men constituting the business world of primitive Chicago.

In 1809 the Territory of Illinois was set off from Indiana, and the seat of government was set up at Kaskaskia, Nathaniel Pope, a Kentuckian, becoming secretary of the new territory. The whole vast domain was divided into just two counties, being Randolph on

the north, and St. Clair on the south. In 1816 Pope became Illinois' delegate in Congress and when, in 1818, the bill for Illinois' admission came up, and the vital matter of the new state's northern boundary arose, it was Delegate Pope who got the northern line fixed at the parallel, forty-two degrees thirty minutes, north, and so gained for the new state, contact with Lake Michigan, and that supreme geographical advantage for its forthcoming yet unforseen metropolis which, more than any one single condition, is steadily upbuilding Chicago as the nation's commercial capital

So, by a masterly modification of the famous ordinance of 1787, when the Territory of Illinois became a State, the petty trading-post beside river and lake became incorporated in a commonwealth of incalculable possibilities. Delegate Pope had a large vision for his time, for he saw an element of national strength in the geographical position of the lake states, and he foresaw a canal between the lake port, Chicago, and the Illinois River; but with all his foresight he built larger than he knew, and the sequel to his statemanship is partly demonstrated in the banks and banking, founded upon the production of the continent's primary products, and their distribution through the world's greatest railway center and fresh water port.

On December 3, 1818, Illinois was formally admitted into the union. As early as 1816 there was passed an act by the territorial legislature incorporating at Shawneetown the "President, Directors and Company of the Bank of Illinois." This was Illinois' first legalized "wild-cat." When the State's constitution was adopted, August 26, 1818, Illinois had two banks in operation, that is to say, the bank at Shawneetown and one at Edwardsville, the latter already

moribund. Both these banks carried the public moneys received from the sale of Illinois lands. The new State of Illinois incorporated its first State bank March 22, 1819, under the title of the "President, Directors and Company of the State Bank of Illinois." And this begins the instructive experience of the State of Illinois as a banker.

The amount of capital was limited to $500,000, all of which was owned by the State, which through the legislature was invested with its entire management and control. The president and directors were to be elected by the Senate and House of Representatives on a joint ballot, and the cashiers appointed by a majority of the directors. The property, lands, and faith of the State were pledged without any restrictions for the redemption of the bills issued, and the State was pledged at or before the expiration of the ten years (the time of its charter), to redeem all bills presented in gold or silver. The bills were declared legal tender for all debts due the State. The school fund and all specie, or "land-office money," were required to be deposited in the principal bank.

Two thousand dollars was appropriated to procure plates and start the financial institution on its career of beneficence. Three hundred thousand dollars was to be put into circulation. It was to be distributed in the several districts in ratio to the population. The bills were to be loaned on notes, secured by mortgage, at the rate of six per cent. per annum. As the bills themselves bore an interest of two per cent. per annum, the borrower virtually paid but four per cent. for his money. No person was entitled to a loan of more than $1,000.

The officers of the bank were entitled for their

services, to banking accommodations on approved security, at two per cent. per annum, in the following amounts: president of the principal bank, $2,000; the president of each branch, $1,000; and each director, $750. Four branches were established, at Edwardsville, Madison County; at Brownsville, Jackson County; at Shawneetown, Gallatin County; and at the seat of justice in Edwards County.

The currency soon flooded the State and all gold and silver disappeared as a circulating medium, and, as was quite natural, did not enter the vaults of the wildcat bank or any of its branches. The money was scarcely in circulation before it depreciated to seventy cents on the dollar, then to fifty, and so on down to twenty-five cents, when it disappeared from circulation and found its way into the hands of shrewd speculators, who looked to its ultimate redemption by the State.

There was subsequently a special law passed, legalizing the payment of the officers of the State Government in this depreciated paper at its current value. As under the terms of the charter, all taxes and revenue of the State were payable in these bills, the State at last became hopelessly entangled in its own financial system and was forced to withdraw the circulation. This was begun in 1824, but the currency continued to circulate until the expiration of the charter in 1831, when the State closed its banking business at a loss exceeding the full amount of the original issue. Governor Thomas Ford, in his history of Illinois, summed up the result as follows:

"In the course of ten years, it (Illinois) must have lost more than $150,000, by receiving a depreciated currency, $150,000 more by paying it out, and $100,000 of the loans which were never repaid by the

borrowers, and which the State had to make good, by receiving the bills of the bank for taxes, by funding some at six per cent. interest, and paying a part in cash, in the year 1831.

"In closing up the affairs of the bank the State borrowed of one Samuel Wiggins, January 29, 1831, the sum of $100,000.

"It is stated by contemporary writers that the shrewd and provident Wiggins paid over a large part of the loan to the State in bills of the old State Bank, which had been bought up by him at a low price and which the State now redeemed at par. The loan was at the time extremely unpopular, and threats of repudiation were rife for years afterwards. It was, however, paid ultimately, principal and interest, and the credit of the State saved from blemish."

Peace, following the Indian disturbances known as the Blackhawk War, set a tide of Eastern emigration through Chicago where many pioneers tarried and so augmented its population that in 1845 there were resident here 3,265 active and busy people. The need of a bank was felt, a bank of issue, a bank to make money, nor was the need less stringent under pressure of the passion for land speculation sweeping the country from east to west.

To meet an obvious want, the legislature of the State extended the charter of the Shawneetown Bank, and, on February 13, 1835, incorporated another State Bank, "The President, Directors and Company of the State Bank of Illinois," with life to run until January 1, 1860. Its capital was to be $1,500,000. It was, however, provided that the capital stock might be increased $1,000,000 more by individual subscriptions.

This bank was to be in Springfield with not more than six branches at other points; this number, however, being increased the next year to nine, and the time for redemption of its bills without forfeiture of charter being extended from ten to fifty days.

This new state bank was not a bank managed by the State as had been the first state bank of Illinois, although by payment of $100,000 for stock reserved, it was authorized by appointment of the governor, to have two directors on the bank's board. It was one of the branches of this new state bank which became, in 1835, Chicago's first bank.

The new bank announced on December 5, 1835, that it would soon stand ready to serve the public under direction of John H. Kinzie (president), Gurdon S. Hubbard, Peter Pruyne, Elijah K. Hubbard, Richard J. Hamilton, Walter Kimball, Henry B. Clarke, George W. Dole, Edmund Dick Taylor, Wm. H. Brown (cashier). This bank began business about December 15, and with large deposits, at the corner of La Salle and South Water streets.

The currency in circulation in Chicago was in part the bills of the Illinois State Bank, and in part the issues of remote banks which contributed to the perilous inflation which was to be punctured in the American crash of 1837. Now the madness of inflationist, speculator and boomer took evil hold upon Illinois.

The cry was for public internal improvements, and on February 27, 1837, the legislature actually inaugurated an internal development system whereby $400,000 was to be spent upon waterways, $9,650,000 upon railways, and $200,000 upon roads and bridges. And the sum, great in those days, of $10,250,000 was actually appropriated by the legislature to materialize

The Portland Block in 1881
Southwest Corner Washington and Dearborn Streets

the popular vision. But there must be money for these grand projects.

In the legislative session of 1837, year of trouble, the State increased the capital stock of the Shawneetown and state banks until it amounted to $4,800,000 in case of the state bank, $2,100,000 being subscribed by the State, payment to be made in part from the State's dividends of the surplus revenues of the United States, and the remainder from sale of state bonds.

In the case of the Shawneetown Bank, $1,500,000 in capital stock was taken by the State. In each case the State was a majority stockholder, although private stockholders controlled a majority of the directors.

The banks were fiscal agents of the authorized canal and railroad funds. When the state bonds were offered in open market they could not be sold at par, and it is said that the bonds taken by the state bank were never sold, although the bank went about extending its business on such extraordinary security.

Then there descended upon Illinois, with vast and improvident ventures thus financed, the panic of 1837, when, throughout the United States, suspension of specie payment was the rule. The state bank was indeed in trouble. Failures of speculative customers had weakened it, and, as the state financial agent, it owed the canal and railroad funds large amounts. In July of this calamitous year the legislature, in special session, legalized suspension of specie payment.

Never after did the state bank redeem its obligations in hard money, although under the act it continued to be the State's financial agent.

Illinois struggled on with its grievous system of public improvements a little longer, and then—state bonds proving utterly unfruitful sources of revenue—

in 1839, in extra session of the legislature, the whole proud and foolish undertaking was formally abandoned, the outlay having been $6,014,749.53 and the visible investment a network of unfinished railroads. It was a sorry spectacle presented by Illinois when her bonds went begging about New York and London at fifty and seventy-five per cent. below par.

In 1843 the State Bank retired from the banking business, arbitrarily forcing liquidation of the banks which it virtually owned. In this year the Chicago branch of the State Bank died, and for nine years after the banking of Illinois was done entirely by private bankers, the currency in vogue being issues of banks in other States, legal or illegal in Illinois as it might be.

And still the "wild-cat" raged in American banking—something for nothing, nothing for something—"heads, I win; tails, you lose." One class of the creators of "wild-cat" currency was insurance companies doing a banking business. But in those days of "wild-cat" banking there was at least one real bank, of parentage no more legitimate than branded the little institutions so freely issuing promises never to be made good.

This bank was the creation of George Smith and Alexander Mitchell, Scotchmen of prowess and probity, men of later fame and wealth, and the bank was named the Wisconsin Marine and Fire Insurance Company. George Smith's bank succeeded on ability and honor, good assets always. Like other folks Smith issued his certificates, but, unlike many others, he redeemed them. If his business was illegal it was not dishonest, and, when in 1853, after years of unsuccessful assault upon its credit, his company was legalized under the banking law of Wisconsin, it passed into the second

chapter of honorable public service, and continual possessor of a good name on all continents.

The era of the irredeemable continued. An infant city with an illimitable business future called for stable, honest money. On December 26, 1850, at a meeting of citizens at the Court House, the legislature was memoralized in part as follows:

"Banks properly formed and conducted would be of immense benefit to all the interests of the State. Transactions have become larger, and, rapidly increasing, requiring a circulating medium, convenient and convertible at home into gold and silver at the option of the holder. By withholding bank charters the circulation of paper currency is not checked, but, on the contrary, we are flooded with paper from all parts of the Union and Canada, and, in many instances, defrauding our citizens by passing worthless paper upon them for their labor or their products.

"We, therefore, would respectfully ask you, as the guardians of the growing interests of the State, to give us at the earliest moment such a general banking law as you in your wisdom may determine, placing such safeguards and restrictions in its provisions as will amply secure the bill-holder from loss, making it open for all to engage in who conform to its requirements," etc.

This petition brought forth the State general banking law of February 15, 1851, the latter essentially a copy of the New York law, and parent of sundry legal banks of issue. This act was amended February 10, 1853. The banking act of 1851 was ratified by a popular vote, the vote standing 37,578 for and 31,321 against the law.

A condensed record of certain unsuccessful institu-

tions of the period would contain such significant entries as these:

"Closed, but with all circulation redeemed."

"Retired from business, but redeeming circulation at par."

"Suspended, but redeeming circulation."

"Retired from business."

"Closed by protest, with circulation but partially redeemed."

"Circulation retired and paid up in full."

"Forced into liquidation, but circulation redeemed."

"Involuntary liquidation, all procurable currency redeemed."

In this category of fortunate and unfortunate, wise and foolish, must be chronicled a comically preposterous adventure in reputed banking. This institution, started in 1852, was named the Bank of Chicago, and was managed by Seth Paine and Company, the personality of the latter being Ira B. Eddy. To promote the Bank of Chicago, was issued eight numbers of a publication entitled the "*Christian Banker*," and for the reception of authoritative information on banking, from the great departed, a trance medium was brought in to set up her psychic wire. Utterances of the "*Christian Banker*" and other literature were the following:

"Christianity being the purest and scarcest metal, like gold among bankers, we take it for our standard; and everything and everybody which does not come up to that standard, we quote below par, until they reach the point where neither zero or Nero can measure them."

"Bring on your bills for redemption, and when objection is made to the various trash paid out by Tucker, Burch, Smith, and other chaps here, we will

open our mouth, or the Lord will open the mouth of the Balaam's ass to keep you from being shaved twelve per cent by the Great Mogul and his understrappers, who next to R. K., pursue the people with swiftest destruction, and keep you trotting over here with bills for redemption till you wear out more shoe leather than Jo. Kenyon's whole stock amounts to—all because you don't know any better than to keep your accounts with men who throw us out because we reduce rates.

"We loan to no one to pay debts. We loan to no one to aid in murder of anything which has life. We loan to no man to aid in speculating in that which is necessary to life. We loan nothing on real estate, believing that real estate cannot be bought and sold, and that possession with use is the only title. We loan nothing to aid in making or selling intoxicating liquors, or tobacco in any of its forms. We loan nothing to gamblers or usurers who borrow to loan again. We loan nothing except for aiding the natural exchange between the producer and consumer, whether of body, soul or spirit, and for the time necessary to produce the exchange. Our basis for making loans is established character of the borrower. He must be a temperate, honest and religious man or woman, with a mind sufficiently developed to understand his business. We are prepared to loan any amount needed for such business by such men."

Well, the Chicago Bank did redeem its currency, but the bank ended in the courts: Ira B. Eddy was temporarily committed to an insane asylum, and Seth Paine, apparently larger of heart than wise of head, retired to the practice of socialistic theories which had early engaged his eccentric mind.

The rivalries and irregularities of Chicago banking precipitated in December of 1852 a so-called bank war, representatives of the legal banks securing the indictment of several representatives of illegal banking, among the latter George Smith, of the Wisconsin Marine and Fire Insurance Company. Of the complications of this campaign the Chicago "*Democrat*" remarks:

"The regular banks have succeeded in getting about a dozen of the irregular banks indicted. The irregular ones are demanding specie as fast as they can get bills to demand it upon. But the joke is many of our regular banks are irregular ones too; and keep some old corporation or some old name to get extra shinplasters under, or extra interest with. The wild-cats who have regular bankers for dormant partners were not indicted."

But the inevitable litigation following indictment promised no speedy relief to the Chicago banking situation, so that by the more direct route of legislation J. Young Scammon and other regulars secured from the legislature a prohibitory supplement to the banking law of 1851, whereby it became almost a felony to do a banking business in this state save under statutory regulation.

This act, approved February 10, 1853, ended illegal banking in Illinois, although it did not check the flood of bills from other states, and particularly from Georgia, the bills, of whose banks were specifically named in a newspaper advertisement published December 27, 1855, and signed by 120 business men and firms, urging Chicago banks to refuse to receive these bills on deposit. To which appeal an equal number of Chicagoans rejoined in the same way, calling the effort "to discredit any circulating medium that is redeemed

promptly where issued, as not only unwise but exceedingly mischievous," further declaring that the local interest rate proved a dearth rather than a sufficiency of money, and further adding:

"The fact that two of the Georgia banks have stood a continuous run for four months or more, and have redeemed a half million per month of their issue in gold and silver, has increased our confidence in these banks, and the ability and disposition of the stockholders to promptly redeem all their issues. We shall therefore continue to receive and pay out, use and give credit to Georgia money, the same as the bills of other states so long as they are redeemed in specie at the banks where issued, and we advise others who are engaged in business to do the same until a full remedy can be had by amending our own banking law." To which may be added as an historical fact the statement that many Georgia banks were owned or controlled in Chicago where also their bills were redeemable.

Verily, it was a day of motley money. In 1855 a railway conductor, collecting a total $203, had in his pocket bank bills from twelve states, Georgia banks being responsible for $115 of the total; Illinois state bank twenty dollars; and Chicago banks one dollar. Legitimized banking was conducted in Chicago between 1851 and 1857, by the following institutions:

Marine Bank of Chicago (J. Young Scammon); Bank of America (George Smith & Co.); Bank of Commerce (Davisson, McCalla & Co.); City Bank (Bradley & Curtis); Chicago Bank (I. H. Burch & Co.); Exchange Bank (H. A. Tucker & Co.); Union Bank (Forrest Bros. & Co.); Farmers Bank (Chase Bros. & Co.); Phoenix Bank (N. C. Roe & Co.); Merchants' and Mechanics' Bank (Levis Boone).

All of these were banks of issue, a noticeable security for their circulation being Virginia and Missouri state bonds. It is recorded that whatever disasters these banks encountered, the holders of these bills did not suffer. But there were other banks than the above banks of issue doing business in Chicago after the state law of 1851 began to give form and rule to Illinois banking, namely: the Butchers' and Drovers Bank, Metropolitan Bank, Swift's Bank, Chicago Savings Bank, Dollar Savings Bank, Marine Savings Bank, Dime Savings Bank, Illinois Savings Institution, John H. Kinzie, first president; Chicago Marine and Fire Insurance Co., chartered in 1836, after decease revived in 1848 and existing to the panic of 1856 and 1857, J. Young Scammon, president, as the largest moneyed institution in Illinois,with actual cash capital of $500,000. There was one other bank, which took more than ordinarily deep root at this period—The Merchants' Savings, Loan and Trust Company, which, being founded in 1857, had for companions after subsidence of the financial earthquake twenty-seven banking institutions. Today, as it happens, not one of the twenty-seven is in existence.

Illinois banking between the panic 1856 and 1857 and the outbreak of the civil war continued to show the results of defective legislation in the guile of the pirate and the embarrassment of the public. A bank with little or no true capital would be organized at a remote and inaccessible interior point, its circulation based upon bonds beyond which the state auditor declined to look for actual banking capital. Then from the obscure cross roads the convenient promises to pay fluttered forth, and divers and sundry honest people began to be the victims of that system of banking

known as the "wild-cat" and "stump-tail." Of course it does not follow that "wild-cat" banking could not have made good, but it is a fact that the peculiar relation between their solvency and their guarantors, the several states of the Southern Confederacy, forbade a final demonstration. But the insufficiency of security of "wild-cat" circulation became painfully evident when, in the storm and stress period of 1857, a western debtor sought the equivalent of this vagabond paper in eastern or foreign exchange or in specie.

It is written that, with barely two exceptions, not a bank in Illinois in this strenuous time could keep its circulation at par with gold. But this sort of money was the best there was and so its circulation went on. On the eve of Lincoln's election in 1860, capitalists were in two classes in their attitude toward the prevailing system, one upholding the existing banking law, another contending that the whole thing was a misconception of sound finance. Chicago's interest in the controversy was not acutely personal, for there were but few banks of issue here, yet none the less she needed sound money.

But a crisis of unconceivable magnitude approached. Secession showed its purpose and its immediate financial consequences. The banks of Illinois had been maintaining more than two-thirds of their aggregate circulation of $12,320,694 on the bonds of southern states. Expansion had prevailed, and Illinois currency had no uniform value.

The winter and spring of 1861, dawn of civil strife, found Chicago in a demoralizing state of anxiety and uncertainty. Trade seemed about to suffer almost complete paralysis. Exchange rose and incessantly fluctuated in response to the crazy money seeking to

buy it, while from the banks came daily bulletins giving ratings of the varieties of discredited and accepted circulations. Bills actually had a current valuation between twenty per cent. and par. No man knew his wealth.

The business interests in union with the Chicago Board of Trade sought to increase popular knowledge about currency values, but the people were unsteady as well they might be. Editorial utterances such as these from the Chicago *Democrat*, serve best to show the unsettled business conditions and the anxiety of the public mind.

"No man is safe sleeping over night with one dollar of Illinois currency in his pockets. * * * On Saturday night next the laborers must have their wages. Will the 'wild-cat' give them gold or silver or the Dunham currency, or will they avail themselves of that opportunity to pay out their miserable 'wild-cat?' Laborers of Chicago, arouse! * * * It is your sweat, it is your toil, that aggrandizes the 'wild-cat' aristocracy of Chicago. They are fattening upon your blood. * * * Wild-cat bankers are worse than secessionists."

The Board of Trade formally entered protest, and the *Democrat* promptly replied that more similar talk would be forthcoming.

In the first part of the summer the bank situation was in such a bad way that the Marine Bank asked the Board of Education as a municipal depositor to accept sixty-five cents on the dollar, to which proposition John Wentworth and others made resistance. About this time there ceased to be an Illinois banking system which the State's commercial and industrial capital found of any use.

In 1860, before the crash of secession came, there were 110 solvent state banks, with an aggregate circulation, as above said, of $12,320,694 founded upon $9,527,500 worth of securities issued by Missouri, Tennessee, Virginia, Louisiana, North Carolina, South Carolina, Georgia and Kentucky. Two years after, in November 1862, ninety-three banks were in process of suspension or had closed. The liquidating banks paid about sixty per cent. on their currency. Of twenty-two solvent banks the circulation had been reduced from $12,320,694 to $566,163 in two years.

So died the "wild-cat" in Illinois. True, in legislative session of 1861, the general banking law was amended so as to wind up the feeble, invigorate the promising, provide more efficiently for redemption, and place greater foundations under circulation; but neither such beneficent provisions nor an act passed and rejected by the people at the polls, designed to "establish a general system of banking upon a specie basis," could create for Illinois a circulating medium, and none of her own henceforth had she until national banks came. But currency from everywhere else, state notes and government greenbacks, flooded this commercial center, the worthless paper driving the better from Washington out of circulation both in Chicago and in its vast tributary territory.

Then, striving towards uniformity and security in the creation of a circulating medium, the people of the United States passed the national banking act in March, 1863, and the people of Chicago, represented in meetings at the Board of Trade, the banks concurring, ordained that on and after May 16th, all transactions, whether of buying or selling, should be based on legal tender treasury notes. Further order

and security came to Chicago banking when, on April 6, 1865, was organized the Chicago Clearing House, with officers as follows: William F. Coolbaugh, President; Josiah Lombard, Vice-President; E. E. Braisted, E. I. Tinkham, Ira Holmes, A. C. Badger, Lyman J. Gage, Clearing House Committee; George A. Ives, Manager. Thenceforth, until the momentary paralysis caused by the great fire of 1871, the story of Chicago banking became one of expansion, elimination and progress.

Thus became inaugurated in the central market of the continent a system of sounder banking. At the close of 1864 eight national banks were in operation. To a market ever demanding larger banking facilities, The Merchants' Loan and Trust Company continued to discharge a role commensurate with the necessities of this community and with the purposes of the founders of this institution. The situation at this time, which this bank aided to create and develop, was thus epitomized by the Chicago *Tribune:*

"The banking transactions of Chicago are full of cash. It stands as the paymaster of the great northwest, and disburses the millions in currency that is required to move its great food staples. Each year by the opening of new channels and development of new currents of trade has evidenced our legitimate and inevitable field. The banking capital of Chicago at the close of this year (1864) has more than doubled in the past twelve months, and three times as large as that of 1862. Within the past fortnight one of our leading banking houses in a single day shows transactions reaching two million and a half dollars, and there are other instances almost equally striking. It must be remembered that this is currency actually

handled, counted, piled, and carried away. One million dollars a day goes into the country to the producer. Well may the bankers rejoice that days of 'rag money' are over."

From the close of 1864 to 1871, year of the great fire, the history of Chicago banking is serene and uneventful. Together grew trade and banking facilities, the demands of the former justifying at the time of the fire nineteen national banks and nine state or private institutions, savings banks not included. The total bank capital of the city was then $13,500,000.

When the conflagration of 1871 had done its work, the building of every national bank but one was found to have succumbed. The vaults of the private banks also were, as a rule, in ruins. The fire broke out on the evening of Sunday, October 8. As early as the Wednesday following, at least twelve banks had temporary quarters. On Thursday the banks resolved to repay depositors fifteen per cent. The accommodation was not munificent, but on the other hand, for the good of the distracted city, a run upon the banks was to be avoided. Much of the assets of the banks was commercial paper, which, for the maintenance of the stability of the great but stricken market, the banks treated with leniency. On October 17, most of the banks resumed payment. For several months thereafter, through the combination of circumstances created by the disaster, Chicago's banks had more money than before the fire, and this in spite of the payment of Chicago's business indebtedness to the East. On October 19, the savings banks resumed. While they had previously resolved to pay in full all depositors whose claims did not exceed twenty dollars, they now resolved to pay to small depositors in need of money a larger amount. In all this period of deadly prostra-

tion and instant and courageous revival, it was the opinion of the wise and just that the banks of the city were among its truest and best conservators. A year after the fire business had been generally resumed, the banks in operation being twenty national, eight state, and eighteen savings. Their combined capital and surplus was $14,570,885, and their combined deposits were $38,129,134. To these banking facilities should be added those of several private institutions, and of an agency of the Bank of Montreal, opportunely established here a few weeks after the fire.

When the panic of 1873 temporarily paralyzed the country, the bankers of Chicago were no exception, at least in the consideration of the policy of the suspension of currency payments. It was a grave hour, and there was fear, but there was courage, too, and the banks of Chicago continued to do business without demoralizing recourse to the expedients of peril. This was the comment of a local journal on the attitude of Chicago's banks during this crisis: "Had there been any sham about Chicago, the late panic, coming when it did and how it did, would have ground us to powder. That it did not, that it has passed, without leaving a mark of its passage, is a fact which we commend to our own citizens and those of other cities who need to be reminded of it."

Apropos to the way in which Chicago banks bore the test of panic, there is offered in instance the following testimony from Andreas' "History of Chicago:" "The attention of the reader should be directed to the general solvency of the state banks as evidenced by the manner in which, as a rule, these weathered the storm. Among notable illustrations were The Merchants' Loan and Trust Company, which has never known one hour of financial embarrassment."

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